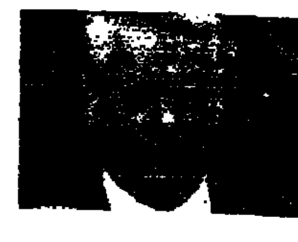

After Vancouver

● What Yeltsin must do to claim a victory — Page 15

● Clinton gives his best shot for Boris — Page 15

● Removing the cold war barriers to trade — Page 4

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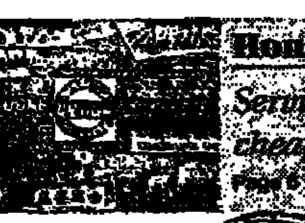
Getting ready to compete with the tunnel — Page 5



Hong Kong

Service industries seek cheaper labour in China — Page 6

FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY APRIL 6 1993 D8523A

E German deal fails to lift threat of strikes

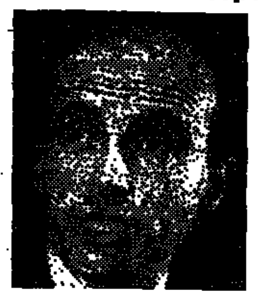
A compromise aimed at averting all-out strikes in eastern Germany's metal and electrical sectors was thrown into doubt yesterday after disagreement between regional and national employers' associations.

The plan, drawn up at the weekend, proposed that workers in Saxony's metal and electrical industries receive a 26 per cent pay rise this year, compared with the 9 per cent first offered by the employers. Page 16

Warning on Japanese recovery: Bank of Japan governor Yasushi Mieno said that the economy was unlikely to recover until late this year. His comments came as the central bank intervened in the Tokyo foreign exchange market to halt a sudden rise in the yen. Page 16

UK aims to boost exports: The UK moved to encourage its exporters to work more closely together in bidding for large projects in foreign markets by pinpointing "national champions" to take the lead in export sectors. Page 16

French seek to reopen US-EC farm deal: Ministers from France's new centre-right government pledged to continue the previous administration's efforts to re-open last year's EC-US farm trade agreement, a keystone of the Uruguay Round world trade talks. Alain Juppé (left), France's new foreign minister, said his government still had to be convinced about the compatibility of the November deal with the reform of the European common agricultural policy agreed last May. Page 16



Pirelli, Italian tyres and cables group, agreed to sell its holding in Continental, its bigger German rival, to Deutsche Bank, ending a long-standing takeover attempt. Page 17; Lex, Page 16

Online inquiry call: The UK Monopolies and Mergers Commission has been asked to examine the market for on-line text retrieval services. The Office of Fair Trading says FT Profile, owned by the Financial Times Group, has a monopoly share of the UK market for such services. Page 7

Lufthansa seeks US link: German carrier Lufthansa is in advanced partnership talks with American Airlines, one of the main US carriers. Page 17

Reliance Group, insurance company headed by Saul Steinberg, is selling its life insurance subsidiary, United Pacific Life Insurance, to GE Capital for about $550m. Page 17

Grand National post-mortem: Officials of the Jockey Club met in London to discuss how to minimise the damage done when Saturday's Grand National horse-race was declared void. Page 7

Strike slows Sabena: Domestic and international flights of the Belgian airline Sabena were delayed a strike of cabin crew. The carrier denied it was allowing a maximum of 100 passengers per flight.

Kenyan tourism suffers: Tourism in Kenya dropped sharply last year, reducing hard currency revenues from the industry to $295m from $400m in 1991. Page 6

Filipino emergency law: Filipino president Fidel Ramos signed a bill giving him emergency powers to deal with electric power cuts that have disrupted the economy. Page 6

Chemical plant blast: Twelve people were injured in a fire and explosion at the Spolana-Neratovice chemical plant, a maker of PVC, near Prague, the Czech news agency CTK reported.

The FT: a Pearson statement

David Palmer, chief executive of the Financial Times Group, is leaving the Pearson Group with immediate effect because of differences in management style. Mr Palmer is being succeeded as chief executive by David Bell, currently advertisement and marketing director and managing director designate of the Financial Times newspaper.

Frank Barlow, who was himself chief executive of the Financial Times Group from 1983 to 1990, has been appointed chairman of the Financial Times Group, succeeding Lord Blakenham, Pearson's chairman. Page 17

■ STOCK MARKET INDICES

FT-SE 100:	2838.8	(-31.1)
Yield	4.02	
FT-SE Eurotrack 100	1136.15	(-4.21)
FT-A All-Share	1392.18	(-0.9%)
Nikkei	19,759.46	(+312.52)
New York: lunchtime		
Dow Jones Ind Ave	3376.76	(+5.95)
S&P Composite	441.98	(+0.59)

■ US LUNCHTIME RATES

Federal Funds:	$3\frac{1}{8}$%
3-mo Treas Bills: Yld	2.951%
Long Bond	$101\frac{2}{32}$
Yield	7.033%

■ LONDON MONEY

3-mo Interbank	6%	($5\frac{15}{16}$%)
Liffe long gilt future:	Jun $105\frac{23}{32}$	(Jun $106\frac{13}{32}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (May)	$19.055	(19.04)

■ Gold

New York Comex (June)	$341.0	(342.3)
London	$339.15	(339.75)

■ STERLING

New York lunchtime:		
$	1.5225	
London:		
$	1.521	(1.5175)
DM	2.4275	(2.435)
FFr	8.2325	(8.275)
SFr	2.2475	(2.255)
Y	172.75	(173.25)
£ Index	79.6	(79.8)

■ DOLLAR

New York lunchtime:		
DM	1.5955	
FFr	5.4125	
SFr	1.4757	
Y	113.685	
London:		
DM	1.5955	(1.605)
FFr	5.4125	(5.4525)
SFr	1.4775	(1.4855)
Y	113.55	(114.15)
$ Index	64.7	(64.9)
Tokyo close Y 113.83		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lv25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	KSL45		
Cyprus	C£1.00	Indonesia	Rp3900	Nigeria	Naira30	Spain	Pta200		
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00		
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Thailand	Bht50		
France	FFr8.50	Kuwait	Fils600	Poland	Zl 22,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L7000		
						UAE	Dh11.00		

Andreotti under investigation in corruption inquiry

By Robert Graham in Rome

MR GIULIO ANDREOTTI, the veteran Christian Democrat politician and seven times prime minister of Italy, was served notice yesterday that he was under investigation by Milan magistrates for alleged illicit financing of political parties.

Last night Mr Andreotti told the Financial Times he could not recall the transaction to which the inquiry relates, dating from the campaign for the general election in April last year. "I don't remember ... But this was election time and you have to make a lot of telephone calls," he said. He was also dismissive of the moves to try to incriminate him.

The move by Milan magistrates links Mr Andreotti to the main body of corruption scandals which centre on the funding of political parties through illicit contributions from state and privately owned companies.

Eight days ago Mr Andreotti, 74, was advised by Palermo magistrates that he was under investigation for alleged collusion with the Mafia.

Parliament could meet today to consider whether to waive immunity on Mr Andreotti, who is a life senator.

Yesterday Mr Andreotti's lawyers said: "We are completely and unconditionally at the disposition of the Milan magistrates in whom we have absolute faith."

This declaration contrasted strongly with the vigorous reaction by Mr Andreotti and the Christian Democrat party after Palermo magistrates sent a 256-page dossier on the former premier to parliament last week. The Christian Democrat party, in particular, claimed Mr Andreotti had been framed in a plot by former Mafia members who were now co-operating with justice as "supergrasses".

This tactic was criticised by other parties and even elements within Mr Andreotti's own party doubted the worth of such an attack. Milan magistrates are understood to want to question Mr Andreotti about payment of L250m ($161,700) allegedly arranged by him via his friend Mr Giuseppe Ciarapico, the owner of Roma football team and a prominent financier. Mr Ciarapico was arrested two weeks ago on charges of fraud relating to a leasing subsidiary of Efim, the state holding company now in liquidation.

Mr Andreotti is alleged by Mr Roberto Buzio, the former secretary of the late President Giuseppe Saragat, to have orchestrated the payment. It was allegedly made to help the Social Democrat party, one of the Christian Democrats' minor coalition partners, in the 1992 elections.

Yesterday Mr Antonio Cariglia, president of the Social Democrats, received a notice that he too was under investigation for allegedly receiving these funds, and a similar notice was served on Mr Ciarapico for his alleged payment of them.

Kohl warns Russia will need much more aid

By Judy Dempsey in Berlin and William Keeling in Jakarta

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■ After the summit
PAGE 15
■ Best US shot for Boris
■ Back to Russia's future
■ Editorial comment

GERMANY will today call on its industrialised partners to underpin Russia's reforms with more debt rescheduling and a co-ordinated aid package.

The call follows the weekend's decision by US President Bill Clinton to provide Moscow with $1.6bn in aid and a new warning by Chancellor Helmut Kohl that without help, Russia's reform programme would fail.

Today's meeting of special advisers to the Group of Seven finance ministers in Washington is expected to finalise a package of financial and economic assistance to Russia. This will be presented to a G7 meeting of finance and foreign ministers in Tokyo next week.

Mr Kohl warned yesterday that if western governments did not co-ordinate a programme – assisted by the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development and the European Community – Russian reforms would fail.

"Support for the reforms is an investment in a peaceful future. A slide back into confrontation would put burdens on all of us which would be far greater than the aid that is now necessary," he said in a four-page statement.

Mr Klaus Kinkel, the German foreign minister, said he welcomed "the American president's determination to support as a partner the politicians who want to press ahead with reform in the Russian federation."

But Mr Günter Rexrodt, Germany's economics minister, said President Clinton's pledge of $1.6bn of credit and aid facilities to Russian President Boris Yeltsin following last weekend's summit meeting was "a good start, but far from adequate."

"Compared with what we Germans are giving and will still have to give Russia, it is a relatively small amount. But I am pleased that the Americans have jumped the hurdle and made a start," he said in a radio interview.

The west sees its aid as crucial in shoring up support for Mr Yeltsin within Russia, where economic adjustments following the collapse of communism have severely eroded living standards. Mr Yeltsin faces a key test in an April 25 referendum, on his presidency and the policies of his government, which is being conducted by the conservative-dominated Russian parliament.

Mr Douglas Hurd, the British foreign secretary, cautioned yesterday that Western countries should make aid to the Russian government conditional on its control of money supply and inflation, "policies which do not exist at the moment".

In Tokyo Mr Yohei Kono, chief

Continued on Page 16

WEU to send patrol boats to river Danube blockade

Owen calls for added pressure on Bosnian Serbs

By David Gardner in Luxembourg and George Graham in Washington

Sniper fire sends civilians running for cover on a street in Sarajevo, the Bosnian capital

LORD OWEN, the European Community's peace negotiator for Bosnia, yesterday called for "relentless pressure" to make Bosnia's Serbs accept the Owen/Vance peace plan.

"Everybody believes that this is a time now to put relentless pressure on the Bosnian Serbs and on the governments of Serbia and Montenegro to come and accept the plan which has been placed before them," Lord Owen said after briefing European Community foreign ministers.

Earlier, foreign and defence ministers of the Western European Union decided to tighten the blockade on Serbia's river Danube supply routes, by sending eight to ten patrol boats to reinforce sanctions. The WEU, the EC's embryonic defence co-operation arm, intends to help the three Danube states of Hungary, Bulgaria and Romania bottle up arms and oil, which are still reaching Serbia in defiance of UN sanctions.

Germany will send at least four of the patrol vessels and 50 of the 250-300 members of the blockade force. The other WEU and EC members contributing are France, Italy, Spain, the Netherlands and Luxembourg.

The WEU move came as EC foreign ministers discussed how to tighten pressure on Serbia, as a means of forcing Bosnian Serbs to agree the peace plan proposed by Lord Owen and Mr Cyrus Vance.

In Washington Mr Warren Christopher, US secretary of state, warned the Bosnian Serbs that if they did not agree soon to the Vance/Owen peace plan, the US would consult with its allies on the possibility of lifting the arms embargo that now applies to all parties in the former Yugoslavia.

However, Lord Owen said suggestions that the embargo on Bosnia be lifted selectively to help the Moslem population defend itself were a "counsel of despair". He pointed out that this would introduce more modern weaponry into the conflict for all sides.

Mr Christopher said the aim would be to reduce the difference in the strength of the Bosnian Serbs, who at present have most of the heavy weapons, and their Moslem enemies. He acknowledged, however, that lifting the arms embargo would probably halt humanitarian operations in Bosnia and lead to a "most unattractive" escalation in fighting.

There was some confusion over whether the WEU's small river task force would be entitled to use force to board and search vessels destined for Serbia, especially given the constraints of Germany's constitution on its forces operating outside Nato areas, and sensitivities due to the German role in the Balkans during the second world war.

Hungary, it emerged, insists that any WEU forces will be under its command and only lightly armed. But, further south, Romania and Bulgaria were said by WEU officials to want the defence organisation to play a more forceful role.

Mr Willem van Eekelen, the Dutch secretary-general of the WEU, said "I am sure that in the south we will be able to use force, and since most of the arms and oil are coming up from the Black Sea, this will have an impact quite quickly."

UN evacuations, Page 2

Mercedes plans $300m US plant to build sports model

By Martin Dickson in Detroit

MERCEDES-BENZ, the German luxury car manufacturer, yesterday made a significant shift in strategy and announced it is to build a model of four-wheel-drive sports utility vehicle in the US.

The company is a major manufacturer of heavy trucks in the US, through its Freightliner subsidiary, but this will be its first car manufacturing operation in the US and the first on any scale outside Germany.

It will spend $300m to construct a new plant which will employ 1,500 people by the end of the decade and manufacture up to 60,000 units a year of the new sports utility vehicle.

A site for the plant is to be selected during the next three to four months, with construction starting by the end of the year and the first vehicles coming off the production line in 1997.

Mercedes officials declined to be drawn on the possible locations for the plant, but there is widespread speculation that favourite states include North and South Carolina.

The company is following the lead of German car rival BMW, which last year broke ground for its first US manufacturing plant, in South Carolina.

Both companies have seen their US sales hit by competition from Japanese manufacturers, which over the past four years have made huge inroads in the US luxury car market with keenly priced models.

Up to 40,000 Mercedes vehicles a year will be exported. Some 20,000 will serve the North American market for sports utility vehicles, which is the largest in the world and has enjoyed explosive growth over the past decade, from sales of 240,000 vehicles in 1980 to 1.1m in 1992.

In another strategy shift, Mercedes made clear that its vehicle would not compete in the luxury segment of the market where the company has traditionally been strongest, but would go after a broader range of buyers.

Its chief competitors in the US will be versions of vehicles like Chrysler's Jeep Grand Cherokee and Ford's Explorer, with prices in the $20,000-$30,000 range, rather than Britain's Range Rover, which sells in the US for over $40,000.

Mercedes said the vehicle reflects an important shift in the company's product strategy: to extend its range from the luxury category into premium cars in segments showing good growth prospects.

Mr Helmut Werner, vice-chairman and chief operating officer, said the new strategy was a forward looking, rather than defensive, answer to the challenge from Japanese manufacturers.

"We will not withdraw into the ivory tower of a 'mega-luxury class' but rather attack the Japanese competition in its market niches by offering our own technologically superior product

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UN challenges power of gun in Bosnia

By Robert Mauthner, Diplomatic Editor

THE United Nations plans to ignore the objections of local Moslem military leaders by attempting to evacuate another 15,000 refugees from the besieged eastern Bosnian town of Srebrenica.

Mr José Maria Mendiluce, the special envoy of the UN High Commissioner for Refugees (UNHCR), said yesterday that the situation in Srebrenica had turned into a test case for the UN that would indicate whether its priority was to save lives.

Local Moslem leaders on Sunday prevented a UNHCR convoy, which had brought in relief supplies to Srebrenica from allowing refugees to board trucks to take them to the relative safety of Tuzla.

However, Mr Mendiluce said the situation in Srebrenica, which is in range of Serb artillery, was desperate. The ceasefire had been broken in many areas yesterday and the Moslem front lines were being slowly but surely squeezed by the Serb forces.

Mr Mendiluce said there were a total of 60,000 people in the Srebrenica region, of which 25,000 to 30,000 were in or near the town, besieged by the Serbs for the past year. The present population could not be settled in Srebrenica in any case, and the UNHCR's objective was to evacuate a further 10,000 to 15,000 people, to add to the 5,000 it had taken out last month.

UN officials denied, however, that by evacuating more people from Srebrenica, they were in effect contributing to the Serb policy of so-called "ethnic cleansing", the expulsion of Moslems from towns and enclaves which the Serbs

> An estimated 150,000 Bosnians have either been killed or reported missing since the civil war broke out a year ago today

claim as part of their own territory. A UNHCR spokesman said the UN was not evacuating residents of Srebrenica, a town whose population has been inflated by the influx of tens of thousands of refugees, but only those who had fled there after other Moslem areas had been captured by the Serb militia.

Though the Bosnian president, Mr Alija Izetbegovic, said on Sunday that he would allow the evacuation and order local Bosnian army commanders to let the returning relief convoys load up with refugees, the UNHCR said yesterday it was not sending in a convoy before it was clear that the president's orders would be carried out. Meanwhile, the military commanders of the Moslem, Serb and Croat warring parties in Bosnia, are due to meet under UN auspices in Sarajevo today, to try to consolidate a fragile eight-day ceasefire in the conflict.

An estimated 150,000 Bosnians have been killed or have been reported missing, while hundreds of thousands of others have been driven out of their homes and taken refuge in other parts of the former Yugoslavia or abroad, since the civil war started one year ago today. General Philippe Morillon, the UN commander in Bosnia, said yesterday the Bosnian Moslems had only agreed to attend if the Serbs halted attacks on Srebrenica.

Months of preparation have gone into the agenda of the military commanders' meeting, which includes discussions on the demilitarisation of Sarajevo and protected corridors for the free movement of civilians.

A mixed military working group of staff officers from the rival factions has reached agreement in principle on many essential points in a series of meetings since last November. Implementation of these agreements could be the first step towards the realisation of the peace plan drawn up by the international mediators, Mr Cyrus Vance and Lord Owen.

A Sarajevo resident walking among graves yesterday as the city marks a full year under siege

Oslo begins high-stakes game with EC

By David Gardner in Luxembourg

FORMAL negotiations on Norway's fourth attempt to join the European Community opened in Luxembourg yesterday, with the Norwegian government outlining tough opening positions on energy, agriculture and fisheries, regional policy, and how quickly it should become a net contributor to the EC budget.

Norway is expected to catch up with the EC accession negotiations begun in February with Austria, Sweden and Finland by the end of the month. The aim is to conclude the four processes in parallel in time for referendums in each country next year, and entry in 1995.

But senior Norwegian and EC officials believe Oslo's application could be the most politically complex to accommodate. After twice having applications rebuffed in 1961 and 1967, Norwegian voters rejected entry in 1972, just before the UK, Denmark and Ireland joined the EC. At yesterday's televised opening of the talks, Mr Niels Helveg Petersen, foreign minister of Denmark, which currently chairs the EC, stressed that Norway would have to accept not only all existing EC laws and regulations, but the Maastricht treaty too.

Denmark, along with the UK, has still to ratify Maastricht, and both countries have secured opt-outs from its provisions being denied the new applicants.

Norway, which unlike its neutral fellow applicants is a Nato member, yesterday accepted the Maastricht goals of a common EC foreign and security policy with a pronounced Atlanticist accent, and – unlike Denmark and the UK – put itself on the list for economic and monetary union.

But as Europe's largest net oil and gas exporter, Norway yesterday expressed its opposition to EC plans to legislate against countries reserving significant proportions of exploration licences for their own companies. Statoil, the Norwegian state oil company, has around half of licences reserved to it. "We are confident that our EC partners will understand how some proposals, particularly the draft hydrocarbon licensing directive – for which we see no need – give rise to serious concern," Mr Bjorn Tore Godal, Norway's trade minister, said.

He stressed that Norway would require particular understanding to preserve its Arctic farmers, its fisheries, and to underwrite its regional policies, all aimed at preserving the existing pattern of settlement of its sparse population. Sweden and Finland have brought similar problems to the negotiating table; the three countries together would increase the EC land mass by 50 per cent, but its population by only 5 per cent.

But EC negotiators fear that Norway may be raising expectations the Community will not be able to meet in full. "There's a danger they'll place the bar too high, because nobody will lift a finger to help them," one senior Commission official said.

Polish sell-off hits snags at the workplace

By Christopher Bobinski in Warsaw

THE Polish government's latest attempt to persuade parliament to accept a modified mass privatisation plan is taking place against the background of an increasingly complex response to the issues involved.

A banner draped across a wall at the Goradze cement works near Opole catches the mood in many factories. "We say No to a majority share for foreign capital," it reads. Inside the plant Mr Andrzej Balcerak, the managing director, finds himself caught between the Privatisation Ministry, which wants to sell his factory, and the Belgian cement producer, CBR, which wants to buy.

Mr Balcerak says he no longer notices the banner put up by the unions last autumn. But he admits to understanding the union's concern over the future of this relatively modern, profitable plant which is running at full capacity of 2m tonnes a year.

"A major effort has been made over the past two years by management and workers to bring the plant up to scratch," he says. "So the questions arise – why sell, and if so, who should reap the benefit?".

A compromise being hammered out, with the International Finance Corporation advising the government, will probably see the Belgian company take a minority share, leaving a significant part of the equity for management and employees.

Mr Balcerak will be relieved when it happens as he recognises that the plant needs an owner. But the drawn-out process, which has lasted for over a year, is becoming typical of most privatisations in Poland.

Dr Bernd Venohr from Bain and Co, the consultants who sold the Pollena Bydgoszcz detergents plant to Unilever in four months in 1991 but took another year to sell the Pollena soap factory in Wroclaw to Cusson's last month, confirms the process is taking longer.

"This time we put most of our effort into negotiating with the employees at Pollena Wroclaw, going back and forth between the unions and the investor and doing a lot of talking to the employees calming their fears about their future." Dr Venohr likens the process to a takeover negotiation with the shareholders of a company rather than its employees. "But that's the way it has to be if sales are to come off," he says.

> Poland's government won a clear majority in parliament at the weekend on a first reading for its modified mass privatisation proposals involving the transfer of 600 state sector enterprises into privately owned, foreign-managed National Investment Funds, writes Christopher Bobinski.
>
> The draft legislation now goes forward to committee stage where former communist SLD deputies, who voted for a first reading after gaining concessions from the government, are to resume pressure for further amendments to the plan.

Around one-third of respondents in opinion polls accept privatisation as beneficial. But when it comes down to the fate of a specific plant resistance grows, largely because of fear of unemployment.

A recent study showed that 51 per cent of state sector industrial workers wanted their enterprises to stay in state hands while a further 25 per cent thought their plant should be owned by the workers. Only 11 per cent thought it should be bought by fellow Poles while a mere 3 per cent thought it should belong to a foreign company.

Mr Balcerak underlines that resistance is greater in profitable plants, which are most attractive to investors, while employees of factories on the verge of collapse, and therefore least attractive to potential investors, are the most amenable to investors of all stripes.

The government's Mass Privatisation Scheme, with its plan to hand over some 600 state sector enterprises to foreign-managed National Investment Funds (NIF), represents the government's attempts to address some of these problems.

The plants selected for the scheme by the privatisation ministry headed by Mr Janusz Lewandowski, are mainly medium-sized and profitable. As such they are unlike the bulk of companies privatised to date. Most of the 800 or so employee and management buy-outs thus far have been mainly small enterprises and service industries while most foreign investors have been multinationals which have bought strategically into sectors such as food processing, paper and pulp, tobacco, detergents and power engineering where plants tend to be big and capital-intensive.

Hoechst steps in over plant accidents

By Ariane Genillard in Bonn and agencies

HOECHST said yesterday that its management board was assuming joint responsibility for plant safety and environmental protection, taking over the task from Mr Karl Holoubek, the board member who to date has handled it on his own.

The move follows a string of accidents at the chemical group. This led to the call by Mr Joshka Fischer, environment minister in the state of Hesse, for Mr Holoubek to step aside until a thorough investigation of safety systems could prove that a recent series of accidents at company facilities were not caused by mismanagement.

The company, which is based in Hesse, said yesterday that the measure would be in force while the investigation was being carried out. It declined to say whether Mr Holoubek had been relieved of this task as a result of the decision.

Hoechst said the investigation would prove that its security systems were of a high standard. It is reviewing safety measures at its 123 plants.

Last Friday a broken pipe at its main plant near Frankfurt sent several hundred kilograms of concentrated sulphuric acid into the atmosphere.

The most serious accident, on March 15, killed one worker and left another seriously injured after an explosion.

Community nine give pledge on passport checks

By Andrew Hill

MINISTERS from nine EC member states yesterday underlined their commitment to lifting passport checks on travellers within the European Community.

Ministers from the nine members of the Schengen free-travel zone stressed that free movement of citizens was vital to the success of the single European market, during the opening televised debate of yesterday's meeting of internal market ministers in Luxembourg. Only ministers from the three EC countries which are not members of the Schengen agreement – Britain, Ireland and Denmark – omitted to mention the outstanding problems over free movement of people in their opening speeches.

Internal border controls on people were supposed to disappear on January 1, but technical and political problems have prevented even the Schengen nine from meeting their commitment to the single market.

They have now promised to lift all outstanding controls at land and sea borders by July and controls at airports by the end of December. The remaining trio, led by Britain, are likely to retain controls beyond the end of the year.

This is despite veiled threats from the Commission of legal or legislative action against intransigent member states.

However, even Schengen countries have political problems with the abolition of controls, and the free-travel agreement has not yet been ratified in all the member states.

Mr Alain Lamassoure, France's new minister for European affairs, said external borders would have to be strengthened and national rules on drugs harmonised before internal checks could be abolished. Mr Lamassoure also complained that currency instability had undermined the single market.

He said devaluations in the Community had cost France's overall balance of payments about FFr1bn ($170.4m).

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Curb urged on French immigrants

By David Buchan in Paris

FRANCE should cut its annual intake of around 150,000 immigrants by about two-thirds, according to a controversial newly-appointed adviser to Mr Charles Pasqua, France's new interior minister.

In an interview published yesterday by *Le Figaro* newspaper, Mr Jean-Claude Barreau, a former priest turned immigration specialist, said that in the present economic climate, "the right floor to aim at would be in the neighbourhood of 60,000 a year".

A tighter control of immigration, both legal and clandestine, is a priority of France's new conservative government. But Mr Barreau said he did not condone any forced repatriation, such as that of a group of Africans who were dispatched back to Mali last year after camping for many months on the outskirts of Paris.

The new government, he said, should rather implement more fully decisions taken by its own tribunals. Every year these tribunals ordered about 25,000 people to be deported, but less than 10,000 actually ended up leaving the country. He also noted that quicker asylum decisions by the government had recently had a deterrent effect, halving the number of requests for political asylum from 60,000 in 1991 to 30,000 last year.

Mr Barreau has often stirred controversy in a chequered career which started with 11 years as a priest before he married and turned successively author, diplomat in Algeria, and immigration specialist.

Two years ago he was sacked as head of the Office of International Migrations by the Socialist government after he wrote a book on Islam. In yesterday's interview he said that Islam, the main religion of French immigrants, mainly from the Maghreb, posed "a specific problem because it has never existed among a diaspora living in predominantly non-Moslem societies".

He contended that the main problem for immigrant communities in France was "poverty and unemployment".

González wants a head to roll – or he'll go

PM threatens to quit as Socialist party leader over a scandal, writes **Peter Bruce**

JOSE LUIS Corcuera is, to put it mildly, a persuasive man. A former Basque steelworker he is big, strong and not very subtle. He is also Spain's minister of the interior and has just been given a remarkable job by Prime Minister Felipe González.

By the end of the week, Mr Corcuera has to persuade the administrators of Spain's ruling Socialist party that unless one or more of them resigns, then Mr González go as party leader. He will quite needlessly add that if Mr González resigns the Socialists will certainly lose the election later this year so it had better not be him that does so.

Mr Corcuera is perfect for the job because he comfortably straddles the two worlds Mr González has to live in – as prime minister and leader of a conservative government, and as secretary general and leader of a more left-wing Socialist party.


The Corcuera bludgeon: perfect for the job González wants done

For more than three years he, along with most of the country, have watched the prime minister and his fellow party leaders arrive at this week's stand-off. For a long time after being first elected in 1982 Mr González was able to inhabit his two worlds. But as Spain's economic boom faded, government opted for financial prudence while the party resisted subsidy cuts, privatisations and looser labour laws.

Mr González found himself siding with his conservative cabinet colleagues, in particular his finance minister, Mr Carlos Solchaga, but party lobbying against fiscal responsibility has invariably won the day. Now Spain is in recession and Mr González, facing election, seethes over opportunities lost.

This alone would not have been enough to bring tension between party and government to a head. The vital element has been corruption charges – illicit party financing and influence peddling – that have been levelled against the party (in fact against almost all Spanish parties) and which it has reacted to by burying its head in the sand.

It started in 1990 with the revelation that the brother of the then deputy prime minister and deputy party leader, Mr Alfonso Guerra, had enjoyed the use of a government office in Seville – from which he worked as an "adviser" to his brother – to conduct lucrative business affairs. Incredibly, Mr Guerra took more than a year to resign as deputy PM.

He remains deputy party leader to Mr González. Their relationship, rooted in the years of exile during the Franco dictatorship, has become slowly more poisonous. Mr Guerra, though, has helped return three Socialist majorities since 1982 and is popular in the poor south.

Then in 1991 Spanish newspapers discovered that senior party officials had taken control of a fake consulting company, Filesa, in Barcelona. They had then "sold" industrial research worth about $10m to big financial and corporate clients. The money was used to finance Socialist election campaigns in the late eighties.

The newspaper reports were brilliantly documented but the Socialists attacked them as opposition campaigns. In the past year a lone judge has taken on the party and searched its headquarters to loud complaints of victimisation. Late last month, though, three treasury inspectors seconded to the judge confirmed the reports.

Public opinion – with an eye on the corruption arrests in Italy and the Socialist collapse in France last month – is demanding that heads role. If nothing is done, the conservative opposition, level with the Socialists in the polls for the first time in a decade, will surely make new gains.

Mr González has made a simple choice. He was persuaded against his better judgment to stand for a fourth term as prime ministerial candidate for the party and he has now decided to withdraw – by resigning as party leader – if someone who knew about the financing scam does not own up to it and go.

He himself was probably not aware of the scam – he pays little attention to party details. The public gaze, though, does fall on two men whose arms Mr Corcuera will be twisting until the party executive meets on Saturday – Mr Guerra and the party number three, Mr José María Benegas.

More than any other leaders, Mr Guerra and Mr Benegas have taught the party to denigrate every attempt to make it accountable to the public in cases of suspected corruption. The resignation of either man would be a sensation and might restore some public confidence in the party.

Mr González's tactics are not new. He resigned briefly as party leader in the seventies over an ideological disagreement with the left. In the 1986 Nato referendum he made it clear he would resign if the country voted against continued membership.

This will be nastier. The party leadership has been together for 20 years and the infighting will be personal. But Mr González is likely to stand his ground. His resignation as party leader would mean he would see out this term as prime minister and retire. As he faces down old friends in the party his impatience to go and the Corcuera bludgeon are his best weapons.

Turkey calls for UN support in Armenia conflict

By John Murray Brown in Ankara and agencies

TURKEY yesterday sought the support of the five permanent members of the United Nations Security Council for a draft resolution calling on Armenia to withdraw from territory taken in recent fighting with Azerbaijan.

Turkey has hitherto tried to take an even-handed approach to the conflict between neighbouring Christian Armenia and Azerbaijan, a fellow Moslem state with which it has growing links.

However in a move marking a hardening of its position, Ankara yesterday announced it was banning all flights to Armenia which passed through its airspace. Diplomats in Ankara said the worsening conflict seemed certain to derail peace talks in Rome under the auspices of the Conference on Security and Co-operation in Europe.

The latest fighting, with Armenian forces seizing the strategic town of Kelbejer over the weekend, has intensified domestic pressure on the government to move to contain what is seen by Ankara as Armenian aggression.

However rather than acting unilaterally, diplomats say Turkey is seeking UN support to end the attacks on "Azerbaijan's territorial integrity".

Clashes were reported again yesterday along the Azeri border close to the disputed enclave of Nagorno Karabakh, which is populated by ethnic Armenians. Recent Armenian gains have further opened up the strategic Lachin corridor linking Armenia with Karabakh.

Azerbaijan said yesterday that its forces had repelled a Armenian attack on the key southern town of Fizuli.

Local officials said the Armenian forces were now three miles outside Fizuli, which lies in a narrow strip of Azeri territory separating Nagorno-Karabakh from Iran.

Capturing Fizuli would have cemented gains made by Karabakh Armenian forces in a recent offensive and would have brought all of south-western Azerbaijan under Armenian control.

The Turkish Foreign Ministry yesterday called in ambassadors of the permanent five to urge immediate UN condemnation of the Armenian offensive which Azeri officials claim has resulted in the loss of 10 per cent of its territory. Armenia claims the latest operation was in response to continual Azeri artillery attack on villages in the disputed enclave.

After pressure from both France and the US, countries with large diaspora Armenian communities, Turkey braved domestic criticism to open its rail link with Armenia via Dogu Kapi. Last week, however, Turkey halted all aid convoys to Armenia.

Mr Suleyman Demirel, Turkey's prime minister, warned Turkey's patience was running out. Turkish Foreign Ministry officials said policy was under "hourly review".

Ukraine tries to salvage reform

By Chrystia Freeland in Kiev

UKRAINIAN leaders are putting together a package of "radical measures" in an effort to resuscitate economic reform in the aftermath of a huge expansion of credits last week which pushed the Ukrainian currency to new lows against the dollar.

Mr Leonid Kuchma, the reformist prime minister, over the weekend met President Leonid Kravchuk and the chairman of parliament to forge a coalition to back the reforms. Government officials said Mr Kuchma had secured a promise from the National Bank chairman that in future new credits would only be released with the government's consent.

The latest credit emission, which was authorised by the parliament, wiped out the existing debts of all Ukrainian enterprises, making it impossible to weed out the weak factories from the strong ones.

"We have taken action to undo the situation which developed last week," said Mr Vasyl Evtukhov, acting first deputy prime minister. "We will force the enterprises to behave, we will force some of them into bankruptcy."

The tough talk was a reaction to the National Bank's release of 1.23 trillion coupons of fresh credits at low interest rates to industry and agriculture last week.

Ukraine's fledgling currency market reacted immediately as banks cut the value of the Ukrainian currency by 50 per cent in one day to a low of 3,000 coupons to the dollar.

"This single step wiped out almost all of the progress we had made in the previous three months," said Mr Mykola Syvulsky, deputy minister of finance.

Before last week's credit expansion, the Ukrainian currency appeared to be stabilising against the dollar and inflation had slowed to 20 per cent a month.

"This emission means that on paper we have no loss-making enterprises," he said. "But the cost of this policy is a degradation of the national currency and a continual lowering of the standard of living of the Ukrainian people."

Clutching a list of the enterprises with the largest losses before last week's release of fresh credits, Mr Syvulsky said "many of the candidates for bankruptcy are on this list".

The collapse of the currency and the prospect of a new round of inflation had exhausted the government, and the population.

Hopes raised by Clinton pledge to review old Communist era restrictions

Business to benefit in cold war clear-out

By Nancy Dunne in Washington

RUSSIAN and American business could have much to gain from the long overdue review promised by President Bill Clinton into the cold war legal relics which contradict US policy supporting the democratisation of the former Soviet states.

Mr Clinton promised in Vancouver on Sunday to review all such outstanding regulations that Russia felt was hindering its economic development.

Technology related restrictions – on imports as well as exports – comprise the "most onerous" existing problem for US-Russian commerce, Mr Richard Jacobs, president of Newstar, a Washington and Moscow-based merchant banking and investment advisory firm, said yesterday.

One plan to bring a Russian model nuclear space reactor to be exhibited in the US ran into all kinds of red tape, he said. Once permission was received, the Russians found they could not re-export it.

"The US government also requires that American companies have permission to receive technical data from Russian companies," he said. "They have to have an export licence to return the same data."

Mr R.K. "Judge" Morris, an official with the National Manufacturers' Association, said US companies were discouraged from investing and entering joint ventures with Russia by the presence of the old Jackson-Vanik amendment, which links trade benefits and credits with immigration restrictions. As long as the law remains on the books, and the president must issue an annual waiver – as he does with China – then business will be discouraged from making long-term investments, he said.

The association is also asking the administration to streamline export controls "so they don't provided a competitive disincentive" in Russia, and to raise commercial aid.

The administration must also sort out a policy dilemma regarding US credits. Is the prime purpose of the US Export-Import Bank, which provides export financing, trade or aid? If it is trade, how much risk can it be allowed to take on without a congressional approval? The same is true with the Commodity Credit Corporation which supplies funding for farm credits.

The Clinton aid package for Russia includes, for example, an $82m loan to finance the sale of Caterpillar pipeline construction machinery. Eximbank, although still without a chairman and vice chairman, went ahead and approved the loan in February. Bank officials then had to endure criticism from Congress for having made loans to a country that was not "credit-worthy".

EC ready for talks on lower trade barriers

By David Gardner in Luxembourg

EUROPEAN COMMUNITY foreign ministers yesterday gave the Commission power to negotiate an eventual free trade zone with Russia. The decision is viewed by member states as a vital signal to bolster President Boris Yeltsin's struggle for economic and political reform.

"Partnership" negotiations already started between the EC and Russia will now be widened – at Moscow's request – to aim at reducing the barriers to exchanges of goods, services and investment over the course of the coming decade. The aim is to finalise the EC-Russia accord by the Copenhagen summit on June 21-22.

The new, so-called evolutionary clause on free trade, according to Commission officials, should quickly eliminate tariffs on most Russian industrial goods coming into the EC, and retain very few tariffs on farm produce. Any attempt to move forward to a full-fledged free trade zone would not start, however, until Russia joins the General Agreement on Tariffs and Trade.

Despite misgivings among some member states, Commission recommendations for a generous "safeguard" clause against surges of competitive Russian goods coming into the EC were accepted. Barriers would only be re-erected in the event of "serious injury" to EC producers of similar goods, or the threat of it. The Commission also had written into the minutes of yesterday's agreement that the clause would only be invoked after thorough investigation to prove that the threat was real.

Sir Leon Brittan, EC trade commissioner, said the agreement was "a recognition of the need for the Community to do what it can to assist the process of reform and democracy in Russia headed by Mr Yeltsin".

The ministers overrode Commission objections and laid out tougher human rights standards as a precondition for the free trade project. A majority of member states argued that it would strengthen the hand of reformers in Moscow.

The only mildly discordant notes yesterday came from Belgium, which noted that it would be a long time before Russia was ready for free trade with the Community, and that the Twelve would have another opportunity to decide when that time came. This appeared to cut across the "evolutionary" intention of the accord now being sought.

France's new centre-right government, something of an unknown quantity on its Euro-debut, was in favour of reaching free trade by stages.

Ministers also agreed in principle yesterday to expand the EC's technical assistance programme to the former Soviet republics, to include so-called "triangular operations". This means using EC aid to help re-establish trading links between east and central Europe and the ex-Soviet republics. In spite of Greek reservations, Turkey could be involved because of its growing influence in the Central Asian republics.

The Commission was also defeated on its proposal to extend full employment and social security rights, throughout the EC, to dependents of Russians legally established in any given member state. The EC's own growing jobless totals ruled out such ideas, officials said. "The whole point is to create worthwhile jobs for Russians in Russia, not in Aberystwyth," said one UK official.

Russian outburst against Ukraine

By Leyla Boulton in Moscow and Chrystia Freeland in Kiev

RUSSIA, emboldened by the Vancouver summit, yesterday issued a barrage of attacks on Ukrainian prevarications on giving up control of nuclear weapons stationed on its territory.

"Ukrainian representatives openly state the weapons are the property of the Ukraine. This can only be viewed as Ukraine's claim to own nuclear weapons," the Russian government said.

Mr Grigory Berdennikov, deputy foreign minister, said the US and Russia had provided such exhaustive security guarantees for giving up the weapons that "we can't even comprehend what other guarantees could be provided".

General Boris Gromov, deputy defence minister, said Russia was put in an impossible situation where it was not supposed to own the weapons but guarantee they were secure. "Nuclear weapons cannot have two masters," he said.

In reaction to renewed American and Russian pressure, Ukrainian leaders yesterday reiterated their commitment to becoming non-nuclear.

"I am convinced that Ukraine will give up its nuclear weapons," said Mr Leonid Kuchma, the Ukrainian prime minister, after a meeting between top Ukrainian cabinet ministers and a US congressional delegation.

However, Ukrainian officials did not specify when and insisted the final decision was a grave step which it could not take lightly.

"At stake is the future of the Ukrainian state and its people," said Mr Borys Tarasiuk, deputy foreign minister and top arms negotiator.

House majority leader Mr Richard Gephardt said he had received assurances Ukraine would eventually give up its nuclear weapons.

Thumbs down from grain traders in US

By Laurie Morse in Chicago

US GRAIN traders yesterday expressed disappointment about President Bill Clinton's Russian aid programme, even though nearly half the $1.6bn (£1.1bn) package is earmarked for concessionary grain sales. They said it had not normalised the lucrative grain trade with Moscow, which stalled in November due to Russian arrears.

Traders voted with their wallets yesterday morning, pushing futures prices for wheat, corn and soyabeans lower at the Chicago Board of Trade.

Mr Clinton has offered $700m for grain sales to Russia under the food for progress aid programme. However, exporters say only about $500m will be available for grain purchases, and the balance will have to be used to pay for shipping it.

US food aid programmes are subject to cargo preference provisions, a concession made long ago to US longshoremen's unions.

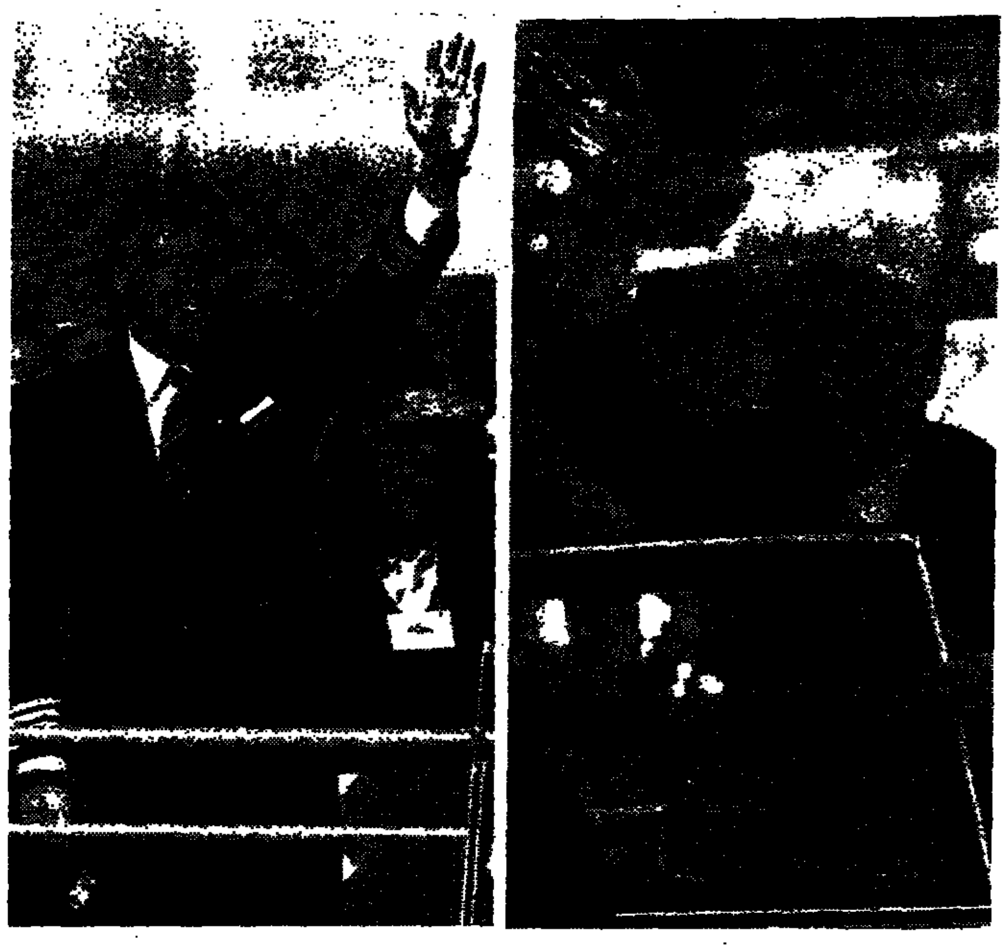
The provisions require food aid to be transported on US-flagged vessels, which can be as much as $50 per tonne more expensive than other ships. There had been some hope Russian food aid would be exempted from the law.

"Clinton has clearly lost the battle with the unions" on the cargo preference issue, said Mr Richard Feltes, senior grain analyst with Refco, the Chicago-based trading firm.

The summit package will provide for about $70m per month in bulk grain shipments to Russia over the next seven months, well below the $200m to $250m per month exported to the country before its debt problems stalled sales under US-guaranteed commercial loans, Mr Feltes said.

About 40 per cent of grain exported under the aid package will be wheat, with the balance corn and soyabeans. Another $194m has been designated for sales of value-added products. Exporters said much of that will be vegetable oil, which is in short supply in Russia.

Summit agreement leaves both sides smiling



Fond farewells: presidents Bill Clinton (left) and Boris Yeltsin wave to the Vancouver crowds at the end of their two days of discussions in Canada on Sunday

Move to speed up energy sector aid already in pipeline

By Leyla Boulton in Moscow

THE official aid announced at the Vancouver summit for Russia's energy sector is an attempt to speed up assistance promised but slowed down by political and economic obstacles.

Western oil companies have been frustrated by constantly changing and increasing taxation, the lack of a clear decision-making process and political instability.

Reformers in the Russian government are trying to improve matters. This involves trying to centralise exports to reduce theft and to create the right incentives for domestic companies and a suitable environment for foreign investors.

In the meantime, multilateral organisations and export credit agencies have had problems finalising arrangements which are meant to encourage private companies until the investment environment becomes more attractive.

Mr Boris Fyodorov, the deputy prime minister responsible for finance and economics, has asked for and received a list of suggestions from western oil companies on building a suitable tax and legal regime. The companies are for the first time acting together on this front through a Petroleum Advisory Forum (PAF), which includes 20 integrated oil companies and 23 service companies.

But there is also considerable resistance from parts of the bureaucracy to giving foreigners a free hand to strike deals with Russian companies.

"The central government does not yet understand that their only role in the industry should be to regulate and take tax revenues from it," said one western banker. He also pointed to deep-rooted psychological barriers prevalent among some bureaucrats in the fuel and energy ministry and the finance ministry.

"What it boils down to is that Russians can't understand why foreigners should make a profit from taking Russian minerals out of the ground."

With western banks reluctant to put more money into Russia when they are having to reschedule old debts, multilateral organisations see themselves as vital catalysts for encouraging private capital.

This is not to say that western companies are not rushing to explore those opportunities already on offer, the biggest being a tender to exploit some of the gas reserves off Sakhalin Island.

"Sakhalin is a bellwether for the industry," says Mr Don Schaefer, the PAF chairman, who is also commonwealth area manager for Shell, one of the five companies included in a consortium bidding for the project.

The consortium, which at first grouped just US companies McDermott and Marathon, plus Japan's Mitsui, went through much torment to be awarded just the feasibility study last year. Part of the problem was the conflict between the federal and local authorities on which rival group of companies should get the contract. Another was demands by local authorities that western companies should finance new infrastructure not required by the project.

Now the companies are hoping for a Russian decision this month or next on whether they will get the contract to develop the reserves.

Mr Schaefer suggests that the contract which is finally awarded should be scrutinised by the industry at large, putting pressure on the Russian authorities to come up with terms that will make this $10bn (£7bn) project an encouraging example.

One smaller project which will be watched and perhaps even speeded up as a result of the summit is the Chernogorskoye joint venture, between Chernogorneft, a Russian oil enterprise, and independent US oil company Anderman Smith.

The European Bank for Reconstruction and Development has already committed $33m to the project and a $40m loan from Morgan Grenfell, the British merchant bank, is to be guaranteed by the US Eximbank. But the latter's own slowness in processing the project, attributed in part to its small travel budget, is one example of a western bottleneck that may be cleared by President Bill Clinton's promise to accelerate support already promised.

Cri de coeur from Kohl on burden-sharing

By Judy Dempsey in Berlin

CHANCELLOR Helmut Kohl's reiteration yesterday of the scale of German aid already promised to Russia was "in some ways a cry for help," a foreign ministry official said. "He wants greater burden-sharing."

In a statement aimed at the US administration, and the European Community, Mr Kohl said Germany had provided more than half of all western aid to Russia. Germany was already saddled with financing the economic rebuilding of eastern Germany.

The stakes for Germany are high. If the reforms carried out by Russian President Boris Yelstin failed, and the country slid into anarchy, then Germany would be faced with a massive refugee influx, officials warned yesterday.

Mr Kohl promised no fresh money, but said Germany would "continue to help within the bounds of its possibilities". Support for reform was "an investment in a peaceful future. . . a slide back into a confrontation would put burdens on all of us which would be far greater than the aid that is now necessary."

Mr Kohl said the debt rescheduling granted to Russia by the Paris Club of creditors last Friday would cost Germany DM8bn (£3.3bn). This was in addition to substantial amounts of aid already committed by Germany to Russia for this year and 1994. These include:

- DM80bn credit facilities to the former Soviet Union, most of which has been earmarked for Russia since 1989.
- Export credit guarantees totalling DM5bn since 1992. The guarantees are targeted at restructuring and modernising the Russian economy.
- DM8.4bn in 1993 and 1994 towards cleaning up after the occupation of Soviet troops on eastern German territory on top of DM17bn already spent in the five new eastern German Länder.

The remaining 220,000 troops from the former Soviet Red Army will leave Germany by August 31 1994. In addition, Bonn is financing a DM550m programme to build 36,000 houses for soldiers returning to the former Soviet Union.

- DM510m this year for creating democratic and market economy structures. This includes education and retraining programmes, as well as creating a legal environment for setting up small and medium sized private enterprises.
- DM100m for improving the security of nuclear power stations in 1993. A further DM32m has been committed for 1994.

Housing picks up in February

NEW US housing completions rose by 11.9 per cent in February to a seasonally adjusted annual rate of 1.264m units after falling a revised 7.9 per cent to a 1.130m rate the month before, according to the Commerce Department, Reuter reports from Washington.

Previously, the department said January housing completions had fallen by 7.4 per cent to a seasonally adjusted annual rate of 1.128m units.

Completions in February were 13.9 per cent higher than the seasonally adjusted annual rate of 1.110m units completed in February of last year.

The department said February single-family housing completions rose 8.3 per cent to a seasonally adjusted annual rate of 1.054m units after declining 4.2 per cent in January. Multi-family unit completions rose 33.8 per cent to a seasonally adjusted annual rate of 210,000 units.

Republican unity holds up Clinton stimulus bill

By George Graham in Washington

DEMOCRATIC presidents usually have to worry about their own party's disunity, but for the time being, Republican unity is proving quite enough to block President Bill Clinton in Congress.

Yesterday the Senate's Democratic leadership failed for the third time to break a Republican stranglehold over the $16bn stimulus spending bill which forms a centrepiece of the president's short-term economic plan.

The White House, which has tried to push through its economic package with as few amendments as possible, has now been forced into negotiations with the Republicans, but it is unclear whether the two sides can agree on a compromise.

While the Democrats hold a notional 57-43 majority, the Senate's sometimes eccentric rules of procedure allow the minority to prevent a vote from taking place unless the majority musters 60 senators to bring debate to an end.

The two sides are at odds over the stimulus bill's importance. Republican Senator Phil Gramm calls it "one last big spending spree" before the administration embarks on the task of reducing the deficit.

But Mr Robert Reich, the Labour Secretary, yesterday defended the bill as "the only way to get jobs back," and said this position was bolstered by the "stubbornly high" March unemployment rate of 7.0 per cent announced last week.

Whether or not the stimulus bill is necessary, the Senate deadlock is holding up another measure that is critical: a bill to increase the limit on federal debt to $4,370bn. The Treasury yesterday had to postpone a $22.4bn auction of Treasury bills, and Mr Lloyd Bentsen, the Treasury secretary, estimates the ceiling will be breached tomorrow.

For most senators, however, the argument is more a matter of political arm-wrestling – a trial of strength and endurance. For the Republicans, not just the stimulus bill but their influence on all future legislation may be at stake.

On the administration's side is the irritation of many House members that the Senate is stopping them from going home for the scheduled Easter/Passover recess, and the opportunity to label the Republicans as champions of gridlock.

Although gridlock was unpopular with voters in the last election, so was wasteful government spending, and it appears that the Republicans are winning this particular labelling battle.

Flooding in Ecuador wreaks havoc

ECUADOR HAS been hit by one of the worst natural disasters in its history, leaving thousands homeless and an unknown number killed, writes Raymond Colitt in Quito.

A landslide last week in the southern province of Azuay has created a dam in the river Paute, causing the backwater to flood surrounding areas.

Dozens of dwellings have been flooded and the rising water level is threatening to engulf several more communities.

President Sixto Duran Ballen has declared a state of emergency and relief efforts are now concentrating on providing shelter for homeless, as well as evacuating those still threatened by the rising water level.

So far the death toll has been placed at 32 but it is not known how many more are buried beneath debris.

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Flooding in Ecuador wreaks havoc

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Passenger traffic growth slows

Companies cut air travel to trim costs

By Daniel Green

THE International Air Transport Association reported a "disturbing" slowdown in passenger traffic growth in February among its 213 member airlines as businesses continued to cut air travel to reduce costs.

The report undermines hopes of an end to three years of economic woes which have cost the airline industry collectively $10bn(£7bn).

The 800 business travellers surveyed by Iata said a cut in the number of trips made was the main method of cost control. Second came the hunt for cheap deals, third sending fewer people on trips and fourth a downgrade of the class of travel.

More than one quarter of companies have cut their travel budgets in the last six months, compared with 10 per cent which said the budget had risen.

Larger companies had made fiercer cuts. Some 40 per cent of those with more than 1,000 staff had reduced travel budgets, compared with only 8 per cent of those employing fewer than 25.

Around half the companies questioned thought that developments in telecommunications could eventually replace part of their travel.

The survey results come on the heels of a business class air fares war in Europe. It intensified yesterday when British Airways cut fares until the end of June by as much as a quarter from the UK to Paris, Amsterdam and Helsinki.

The moves followed similar cuts in recent weeks by British Midland, Air France, Finnair, the Dutch carrier KLM, and Aer Lingus, the Irish airline.

The reductions apply only on routes from London and leave a business class return trip to Paris costing £240, compared with £318 previously.

"We are trying to persuade people to trade up into business class," said BA yesterday. "Many companies specify that business travel be in economy."

The fares war is limited to highly competitive routes. A business class return fare on London-Frankfurt, for example, which is only flown by British Airways and Lufthansa fly, remains at more than £350.

Such cuts in short-haul and in business class are unusual. Economy fares cuts are common on busy long-haul routes. But the fight for the cash-conscious business passenger began in earnest this winter.

The Iata survey indicates that there is still a large market for a higher priced product: seat size and comfort were rated by passengers by far the most important aspect of flying business or first class.

Jakarta gets £65m tied loan from UK

By William Keeling in Jakarta

MR Douglas Hurd, the British foreign secretary, yesterday signed a £65m concessional loan to Indonesia to fund a 65MW power station to be built by a UK company in Samarinda, East Kalimantan.

The contract for the project has not been awarded but, under the terms of the loan, it must go to a British company. Mr Hurd rebutted suggestions that, by tying the aid, the UK government was undermining the principle of free trade.

British exports to Indonesia grew 58 per cent to £312m last year, while Indonesian exports to the UK rose 29 per cent to £536m.

"Of the substantial exports markets for Britain, last year Indonesia grew faster than any other to the UK," Mr Hurd said.

Officials say the loan is a belated effort to promote UK companies in an Indonesian sector in which $30bn of new investment is planned in the 1990s.

Indonesia hopes one-third of the investment will be by private companies which will build, own and operate power stations linked directly to the national grid.

Mission Energy of the US is expected to resume negotiations later this month for two 600MW units, worth $2bn, of the Paiton private power project. Industry officials say British Gas is considering investing in private power schemes, possibly taking a stake in a proposed 400MW, $450m station in Serpong, West Java.

Daewoo to invest $1bn in Tatarstan

DAEWOO, the South Korean conglomerate, is to invest $1bn in a joint venture with Tatarstan's Yelabuga motor factory, Mr Kim Woo-choong, head of the Daewoo group, said yesterday in Kazan, the Tatar capital, Reuter reports from Moscow.

He was quoted as saying that Korea would supply half the equipment and technology.

The main investment would be in a car plant, but Daewoo also planned to help finance factories to assemble South Korean video and audio equipment, Mr Kim said.

The cars and other equipment would be sold mainly in Tatarstan – an autonomous republic within Russia – in Russia itself, and in other members of the Commonwealth of Independent States.

Ports in the Channel tunnel storm

Ian Hamilton Fazey on the Humberside and Rotterdam alternative

THE PORTS of Rotterdam in the Netherlands and the Humber in northern England are to consider a series of joint promotions to cities, industry and commerce north of London and on the EC mainland.

Each promotes separately at present, stressing the variety of their North Sea links. The aim of joint marketing would be to boost traffic and trade between them – in particular unitised freight (mainly containers) carried on truck or trailer.

The advent of the Channel tunnel seems to have concentrated minds. Both Rotterdam and Humberside authorities claim the tunnel, which is due to start operating within 12 months, will have little impact on their operations. But since it is making shippers think afresh on North Sea trade, this is prompting the ports to promote themselves.

Rotterdam's Port Promotions Council, which sent more than 30 shippers and business leaders to Hull for talks last month, is stressing its "gateway" role, offering immediate access to Europe's road, rail and inland waterway network. Rotterdam handles an annual 290m tonnes of cargo, mainly bulk chemicals or foodstuffs, but up to a fifth is in unitised form.

The Humberside Partnership – a British equivalent joint venture of public and private sectors – is emphasising Britain's London transportation bottleneck and the tunnel's comparatively tiny freight capacity of only 8m tonnes a year at first.

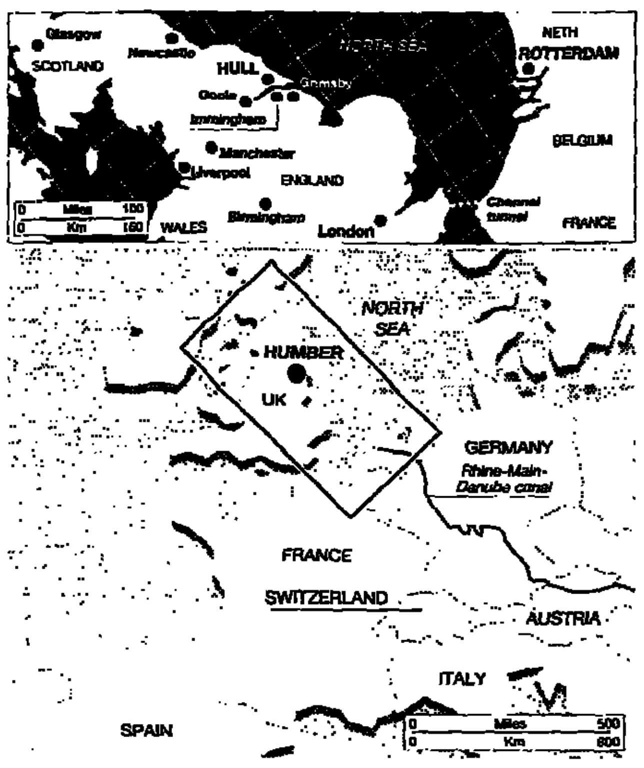
Members of the partnership believe market forces and Britain's motorway network already point to the Humber as the most natural route to and from Europe for Scotland, northern England, the Midlands and Ireland. More than 60m tonnes of cargo a year are passing through – up to a quarter of it unitised – and volumes have grown steadily, despite recession.

Associated British Ports, which owns the main ports of Hull, Immingham, Grimsby and Goole last month reported its Humber traffic up 4 per cent in 1992 at nearly 50m tonnes.

Mr Stuart Bradley, ABP's chief executive, says the Humber is Britain's busiest and fastest-growing waterway. The port of Hull in particular has blossomed since the abolition of the national dock labour scheme in 1989, which removed restrictive practices from stevedoring.

Hull has been able to increase container operations and re-open Alexandra Dock, closed in 1982 because of overmanning and inefficiency. In November, the port will have a new floating stage in the Humber so ships can avoid locking into docks, thus cutting journey times.

North Sea Ferries, which already runs overnight passenger and freight services between Hull and Rotterdam, is building two large, advanced roll-on, roll-off (ro-ro) cargo ships to operate from the new stage on the 250-mile Rotterdam route.



These will sail in each direction at 10pm and arrive at 8am the next day, enabling a full day's truck driving on each side – enough to service large cities such as Birmingham, Manchester, Liverpool, Newcastle, or Glasgow in the UK or well into Germany from the Rotterdam side.

Mr Karel de Zeeuw, project manager of Rotterdam Port Promotion Council, says container, palletised and ro-ro flows between Rotterdam and the UK are principally to North Sea ports on the east coast of England.

Unless it becomes cheaper or quicker to get to and through the tunnel in England, he says traffic flows north of London will be unaffected, so existing shipping routes will not suffer.

The tunnel is expected to affect cargo flows between the UK, France, Italy and Spain, but Rotterdam sees little of these anyway. Meanwhile, Mr de Zeeuw intends to promote Rotterdam's direct link into the Rhine-Main-Danube canal system to counter any effect the tunnel may have on cargo flows to southern Germany, Switzerland and Austria.

Mr Chris Haskins, chairman of the Hull-based Northern Foods, thinks the tunnel's main attraction will be to the food industry. He would like to use it to more than double the market for Northern Foods' Sheffield factory – which makes a range of products for the UK retailer Marks and Spencer – to 110m people if the problem of the London bottleneck can be overcome.

Otherwise, he fears competitors in northern France may use the tunnel to attack Northern Foods' markets in southern England, forcing him to consider setting up in France.

Mr Henry Johnson, of A.S. Haulage of Hull, is chairman of the Humberside branch of the Road Hauliers' Association. "If we get an order to shift something today from northern England and get it to Germany tomorrow, we can ship it from the Humber and have it in Rotterdam in the morning. It is then just four hours to the Ruhr.

"It is going to be very difficult to beat this sort of short-notice flexibility using the tunnel," he says.

The Humberside Partnership, formed two years ago, already has a series of presentations planned for much of Britain north of London to spread the message.

Pretoria rings in mobile phone network

By Philip Gawith in Johannesburg

SOUTH AFRICA yesterday took its first steps towards developing a national cellular telephone network when the government invited applications for the two licences it plans to award.

The government sees cellular telephones as a means of introducing competition into the telecommunications field – dominated by the parastatal Telkom – and as the cheapest and quickest means of offering most South Africans access to a telephone.

Some fear the government may have set licence fees at a punitively high level. Operators will have to pay an initial R100m (£21.8m) and 5 per cent of net revenue in annual licence fees. Radio fees of R5m a year and R20,000 a year for each 200kHz channel granted will also have to be paid. Licences will be granted for 15 years. The two systems will probably cost R3-400m each and have up to 400,000 subscribers jointly.

Licence applications have to be in by mid-June with the government hoping to an announce its decision by June 30. Telkom has already been granted 50 per cent of one licence. The UK company Cable & Wireless is expected to tender in partnership with M-Net, the locally based pay television station.

Selection criteria include such factors as the quality, reliability and affordability of the service; technology transfer; local added value; job creation; competition and consumer benefits and the financial soundness of the applicant.

The government says a criterion which will "weigh heavily" is how far the applicant is prepared to provide telephone services to the underdeveloped part of the community where services are expected to be uneconomic.

A recent study by Coopers & Lybrand – based on 1989 data – found that only 2.4 per cent of South Africa's black population had phones – more than three times the average for Africa, excluding South Africa, but only a tenth of the penetration in South Africa's white community.

China in bid to tackle its Aids problem

DARKNESS has fallen on Beijing and a chill wind is slicing across the city. Most people have scuttled indoors, but in Beijing's Dongdan park a Chinese Aids campaigner is pursuing a lonely crusade.

Mr Wan, an official of China's National Health Institute, is accosting homosexuals who frequent the park to advise them of the dangers of unprotected sex.

The young Chinese health worker finds a receptive, albeit wary, audience.

As Mr Wan observes ruefully: "In 1985, a public health official wrote an article in which he stated there were no homosexuals and no intravenous drug users in China. But actually we can say that everything happens in China."

Mr Wan fears that grudging official acceptance of the dangers of the spread of Aids among high-risk groups such as homosexuals, prostitutes and intravenous drug users will delay action needed urgently to educate the public.

"I worry that if we don't tackle the problem there may be an Aids explosion in China in 5-10 years' time," he says.

According to official Chinese statistics a mere 969 HIV positive cases had been reported to the ministry of public health by the end of last year, but this almost certainly understates the problem. Mr Wan believes that numbers infected may well exceed 100,000, and could

The government realised the disease would cause serious social and economic trouble, writes Tony Walker

run into millions fairly soon.

Mr Wan is also worried about the spread of Aids among prostitutes, now that the world's oldest profession is being practised fairly freely on the streets, and in the bars and discos of Chinese cities.

Indeed, Mr Wan journeyed to a city disco where he tried to convey the message to prostitutes. His reception was not all that encouraging, with one young woman insisting that "Aids is very far from Beijing."

Mr Wan has instituted anonymous Aids discussion groups and Aids "hotlines" which are now operating in five Chinese cities. Volunteers counsel callers who fear they may have contracted the disease.

A big problem in China, however, for the health authorities in their efforts to encourage Chinese to have voluntary Aids test is a fear confidentiality will not be respected.

Mr Wan is surprisingly outspoken in his criticism of what he perceives as a slack official response to the Aids challenge. The health ministry's approach is to tell people not to have sex, they don't tell them how to have safe sex, he says.

Dr Li Jingwu of the Department of Epidemic Prevention at the health ministry exhibited what might be regarded as a fairly unsympathetic view. "We have many ways to control the problems of prostitution and homosexuality – we can lock them all up, can't we," he said in an interview.

"Just let the foreign human rights groups denounce us, so long as we are preventing these people from further spreading this dangerous thing."

Dr Li said that, in any case, his ministry was much more concerned about the possible spread of HIV by way of contaminated needles used in rural clinics where cost and sheer weight of numbers have meant that many patients are obliged to share needles.

The health ministry official also expressed concern about the Aids threat in China's southern Yunnan province which adjoins the "Golden Triangle" of Burma, Laos and Thailand. Some 300,000 Yunnanese are estimated to be drug addicts.

Dr Li also rejected Mr Wan's criticism that not nearly enough was being done to educate people about the spread of Aids in the world's most populous country. The government, he said, spent $4m on Aids education in 1992 and had stepped up its counselling efforts among high-risk groups.

"I think the government has realised that sooner or later Aids would cause serious social and economic trouble if we don't take drastic measures now."

Fear of redundancy haunts even Japanese company loyalists

Michiyo Nakamoto reports on the costs of hidden unemployment

A JAPANESE executive returned to Toyko from business in the US recently to find that his job had gone. He is still on the pay roll but now he gives lectures on sexual harassment to colleagues being posted abroad.

He is one of a rising number of employees at Japanese companies whose roles are redundant but who are still on the payroll because of the Japanese corporate aversion to compulsory redundancy.

Kigyo-nai shitsugyo, or unemployment within companies, has become a growing concern as companies struggle to cut costs in the face of a persistent economic downturn.

Research institutes warn that unemployment, officially only 2.3 per cent at 1.57m, will rise sharply if economic activity fails to revive and companies start to shed already "redundant" staff.

Nissei Research Centre estimates that more than 600,000 paid workers were redundant in all industries, excluding construction, in the fourth quarter last year, the highest level of internal unemployment since the previous peak after the first oil shock in the 1970s.

Nikko Research Centre believes the number is even higher. It estimates that in manufacturing alone *kigyo-nai shitsugyo* in the fourth quarter of last year was 1.15m.

The Bank of Japan, in its latest quarterly business survey, says the proportion of manufacturers believing they have excess labour rose to 19 per cent from 13 per cent in the previous survey.

Company after company has announced plans to cut recruitment next year, and several, including NTT, the telecommunications group, and Japan Air Lines, have announced plans to reduce significantly the number of employees on their payrolls over a number of years. But there is concern that corporate Japan is doing too little to deal with the burden of excess labour.

Faced with recession and dwindling profits, large Japanese companies have generally cut staff costs by reducing overtime and bonuses, hiring fewer contract employees and cutting the number of recruits.

Pay increases for Japanese office workers this year were the lowest since 1987, a private survey revealed yesterday, Reuter reports from Tokyo.

The rises for the fiscal year starting April 1 averaged 3.83 per cent, said the survey conducted by the Japan Federation of Employers' Associations.

It said the average monthly salary increase of Y10,767 ($94) was Y2,562 less than in the previous year.

The survey was based on questionnaires sent to 326 large companies, 76 per cent of which responded, Nikkeiren said.

The highest rise among industries polled was the hotel sector, which registered a 4.8 per cent or Y11,853 increase, while wages for workers in the steel industry rose by 2.64 per cent or Y7,500, it said.

Some are moving workers into areas where demand is stronger and seconding some to subsidiaries; some are even asking staff to stay at home.

Voluntary early retirement is a last resort, while compulsory redundancies are still unheard of among virtually all large corporations. Pioneer, which makes compact disc players and video equipment, caused an uproar earlier this year by forcing 35 of its senior directors into early retirement.

"People are not things," says Mr Tsuyoshi Kawanishi, senior vice president of Toshiba. "We must find a way to employ our staff." Toshiba has taken many of the regular steps Japanese companies employ to cut staff costs, and it has taken back work previously contracted out to keep its own staff busy.

Many of the Japanese corporations curtailing employment are having to pay for the high number of recruits they took on in the boom years of the late 1980s. Fujitsu, Japan's largest computer company which is cutting recruitment to 300 next year, took on nearly 4,000 in 1989.

Nikko Research says that although industrial output fell rapidly from the autumn of 1991 onwards, manufacturers were still increasing the number of new recruits by about 3 per cent until the first quarter of 1992.

Nikko warns there is a limit to the amount companies can achieve with cost-cutting measures short of redundancy.

Even those who dismiss the more alarmist pronouncements on internal redundancies are worried about the rising number of companies seeking voluntary redundancies.

Mr Yasuo Kuwashima, chief economist at the Federation of Labour Unions' Research Centre, believes it is difficult to quantify how many are internally unemployed, but he is concerned that unemployment could rise in coming months.

If job cuts start to feed through now, it is likely unemployment will drift up until the end of the year, assuming the first quarter was the bottom of the economic cycle (unemployment normally lags recovery by three quarters).

"But then again we don't yet know if the first quarter was the bottom," says Mr Kuwashima.

Malaysia's king, Sultan Azlan Shah (left), pictured with Emperor Akihito of Japan, while national anthems are played during a welcoming ceremony at the state guest house in Tokyo yesterday

Ramos takes emergency powers to cope with crippling power cuts

By Jose Galang in Manila

PRESIDENT Fidel Ramos of the Philippines yesterday signed a bill giving him emergency powers to deal with electric power shortages that have disrupted the economy.

Daily power cuts, lasting six to eight hours, have occurred since the year began, sometimes in peak hours, disrupting industry and households.

The new law allows Mr Ramos to negotiate contracts for building new power plants, instead of having to go through the legal bidding process. This is expected to spur a 1,600 megawatt expansion of the Luzon grid, which services Manila and nearby industrial centres.

This would cover a shortfall in capacity and provide a reserve allowing refurbishment of existing plants.

The president said the law "gives me the requisite mandate to more effectively address the problem," which is hampering his administration's efforts to pull the economy out of recession and catch up with more prosperous neighbours.

Fidel Ramos: gains power to split National Power into smaller units for privatisation

The government is targeting growth in gross national product of 3.5 to 4.5 per cent this year, after a stagnant performance in the past two years.

Manila businesses have been forced by the power cuts to lay off some 71,000 workers, according to Ms Nieves Confesor, labour secretary.

Incomes of more than 2m time-rated workers have been halved because of reduced working hours, she said.

The law authorises the government to raise the charges of the National Power Corporation, the state-owned electricity company, enabling it to meet loan covenants with foreign creditors, particularly the World Bank. A rate increase was approved last December but opponents secured a restraining order in the supreme court. The law circumvents the court embargo to satisfy conditions of creditors.

About $110m (£73m) of new financing for new power projects can now be expected from creditors. It also allows Mr Ramos to reorganise the power company and possibly break it up into smaller units which could be sold to private investors.

Another provision of the law channels part of earnings from state-run gambling casinos into power projects.

The state national electrification administration yesterday secured financing for acquisition of 104 mini-hydro power generators, with a combined capacity of 51 megawatts, to be installed in the provinces.

The generators, financed with aid from Britain, China, France, Norway and Australia, will be used to light homes and power irrigation pumps and rice mills in rural areas.

A leading senator has attacked President Fidel Ramos over the privatisation of Philippine Airlines and said he has a moral obligation to regain control of the company, AP reports from Manila. Sen Arturo Tolentino said in a weekend speech the airline had no domestic competition and that privatising it had created a giant monopoly when the government wanted to reduce monopoly power. The government sold majority interest in the airline to a consortium, PR Holdings, last year. In February, PR Holdings was taken over by Mr Lucio Tan in a bitter proxy fight.

Kenya's tourist industry suffers big fall in revenue

TOURISM in Kenya dropped sharply last year, reducing hard currency revenues from the industry to $295m from $400m (£195m from £266m) in 1991, a government official said yesterday, Reuter reports from Nairobi.

Mr Philemon Mwaisaka, permanent secretary at the ministry of tourism, blamed the sharp downturn in visits to safari parks or Indian Ocean beaches on reports in western countries, where most visitors come from, about attacks on tourists, tribal violence and political unrest.

"Imagined insecurity in Kenya had convinced European-based tourists that the country was not safe," he said.

The run-up to December's first multi-party polls in 26 years was marred by tribal violence.

This, coupled with bandit attacks on tourists, led to a fall in hotel bookings of up to 60,000 bed-nights in the last five months of 1992, tourism officials say.

Last year, some 700,000 tourists visited Kenya after a record 814,000 in 1991. But many, enticed by cheap bucket-shop deals, kept their wallets closed while in the country.

The government is fighting back with a campaign to revitalise the industry

Mr Mwaisaka said the government was fighting back with a vigorous campaign to revitalise the industry and woo visitors.

He said security in national parks would be stepped up, more roads would be built and accommodation would be improved.

"Protection of endangered species like elephants and rhinos has received priority," he added.

"Poaching has been reduced to almost zero and an elaborate security network put in place to ensure tourists' safety and increased comfort," he added.

The government has also begun aerial surveillance of game parks and issued advice about which areas of Nairobi are considered dangerous. Fears for the safety of tourists have been fuelled by attacks in game parks, particularly the Masai Mara reserve.

Germany and the US have warned their nationals not to go to parks while Britain and Australia have cautioned against travel in parks when unaccompanied by rangers.

Kenya, which rejected International Monetary Fund and World Bank-backed reforms last month, badly needs tourists to help purchase essential imports and service a $7.1bn foreign debt.

President Daniel arap Moi, angered over an IMF refusal to reinstate critical balance of payments support of around $40m a month, two weeks ago called a halt to liberalisation policies and said Kenya would go its own way.

Pakistan seeks to allay US fears over terrorist links

By Farhan Bokhari in Islamabad

MR NISAR ALI KHAN, cabinet member and chief political adviser to Pakistan's prime minister, is due to arrive in Washington today for discussions with US officials over recent allegations that Pakistan was supporting terrorism in Indian-controlled Kashmir.

Senior Pakistani officials and politicians fear Washington might put Pakistan on a list of terrorist states alongside countries such as Libya and Iran, but western diplomats in Islamabad discount the possibility. "They (Americans) are not likely to label Pakistan as a terrorist state," "because it has not been involved in the same sort of anti-western campaigns as Iran or Libya," a western diplomat said.

The Bush administration considered terrorist allegations against Pakistan, last December, but decided not to press the case. Now the Clinton administration is reviewing the allegations.

The Pakistani visit is part of a recent effort by Islamabad to convince the outside world that the allegations are part of an Indian backed campaign to discredit Pakistan.

In addition to concerns over Kashmir, Pakistan has also come under pressure from Egypt over allegations that Arab terrorists carrying out attacks in northern Africa are being trained in Pakistan.

In addition to the Kashmir related concerns, Pakistan has recently also come under pressure from other sources.

Last week, Prime Minister Nawaz Sharif gave assurances to the Egyptian President Hosni Mubarak that Islamabad would clamp down on Arab suspects who are allegedly being trained by Islamic activists in Pakistan.

While it appears unlikely Pakistan will be listed as a terrorist country by the US, Pakistan is taking the issue seriously, in part because "it only adds to previous strains over the nuclear issue", according to one official. Washington suspended military and economic aid to Pakistan in October 1990 after allegations that Islamabad was developing nuclear weapons.

● Pakistani paramilitary forces arrested the leader of a march on the Indian-defended ceasefire line dividing Kashmir yesterday, Reuter reports from Seri, Pakistan.

Officials ordered the arrest of the leader, Mr Mumtaz Hussain Rathore, and 102 followers after they threatened to storm a police barricade.

About 2,000 marchers in Seri, a small town 33km from the line of control, had staged a sit-in on the second day of the march, saying they would break through police barriers unless Pakistan opened routes into the disputed region.

The march was organised to show support for a three-year separatist rebellion in Indian-ruled Kashmir. Mr Rathore, leader of the Kashmir branch of opposition leader Benazir Bhutto's Pakistan People's party, was arrested after army officers failed to persuade him to call off the march.

Earlier, he had appealed to the crowd to disperse.

Gulf states seek ways to counter western energy tax

FOREIGN MINISTERS of Gulf Arab states started a second day of talks in Saudi Arabia yesterday to find ways of countering energy taxes proposed by the US and Europe, Reuter reports from Dubai.

The two-day meeting in Riyadh is the last in a series of talks by Gulf Co-operation Council (GCC) states, which control over half the world's proven oil reserves, to co-ordinate a unified position before talks with the European Community next month.

Mr Mohammad Sahlawi, spokesman for the Organisation of Petroleum Exporting Countries, was reported in the Saudi newspaper al-Riyadh as saying that Opec would continue to try to explain its opposition to the tax.

The foreign ministers were also discussing the stalled Middle East peace process, the United Arab Emirates' dispute with Iran over three strategic Gulf islands, and Iraq's compliance with Gulf War-related UN resolutions.

The GCC groups Organisation of Petroleum Exporting Countries (Opec) heavyweights Saudi Arabia, Kuwait, the United Arab Emirates and Qatar with small independent producers Oman and Bahrain.

The six states fear the tax would reverse a projected rise in oil demand and hit earnings. The proposed US tax would levy around $3.50 on each barrel of imported oil.

Gulf exporters are worried it will spur the EC to go ahead with plans for a similar tax, which could add $10 over 10 years to the cost of a barrel of imported oil. Gulf oil ministers will take the proposals to a meeting in Oman in mid-April between Opec and other producers to map out a strategy to counter the tax.

HK services follow industry's path to mainland

High inflation fuels migration in search of lower land and labour costs, writes Simon Holberton

IN THE 1980s Hong Kong's manufacturing base moved wholesale to southern China in pursuit of cheap labour and land. Now its service industries are trying to do the same thing.

The colony's manufacturers moved back to the mainland in the mid-1980s after Deng Xiaoping's move to open the Chinese economy to market forces and foreign investment. They now employ about 3m in southern China, mostly in neighbouring Guangdong, and as a result Hong Kong's entrepreneurs control twice the industry they did before the move back.

Like their colleagues in manufacturing, the chiefs of the colony's service industries are seeking to take advantage of lower costs across the border. But the motivation is different: it has more to do with escaping Hong Kong's persistently high inflation than with vague feelings of nationalism or the sense of "going home".

Inflation in Hong Kong rose at an annual rate of 8.7 per cent in February, but underlying inflation – which excludes energy and food prices – is rising at an annual rate of about 11 per cent.

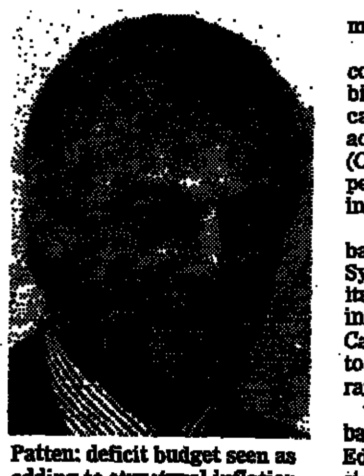
According to Mr Keith Ferguson, regional economist at W I Carr, the stockbrokers, Hong Kong suffers from structural inflation.

"The two key constraints are land and labour and that shows up in two sub-indices of the consumer price index, services and housing, which have been growing at annual rates of 13 per cent and 15 per cent respectively," he says.

These constraints are compounded by the Hong Kong dollar's link to the dollar. For the past 10 years it has been fixed at a rate of HK$7.8. This means that Hong Kong is unable to run a monetary policy independent of the US.

Interest rates track US rates, which have been designed to stimulate growth in a mature economy. In high-growth Hong Kong, low interest rates have fuelled stock and property market speculation, promoting asset price inflation.

An expansionary budget, introduced by Hong Kong's governor Mr Chris Patten in February, is also seen as promoting inflation. The Hong Kong government's fiscal balance moved from a surplus of more than HK$20bn (£1.8bn) last year to a forecast deficit of HK$3.5bn in 1993-94 – a change equivalent to nearly 2.5 per cent of gross domestic product.



Patten: deficit budget seen as adding to structural inflation

It is unlikely that banking, aviation and telecommunications will be able to relocate their operations with as much ease as manufacturers found. One estimate, by Hang Seng Bank, puts the potential relocation at less than 10 per cent of the services work force in Hong Kong, or about 120,000 jobs.

But, as Mr Rod Eddington, managing director of Cathay Pacific, Hong Kong's international airline, says: "Inflation is forcing Hong Kong business to rethink the way they do things. Either capital moves to labour or labour moves to capital."

For Cathay, and its related companies, this had meant a bit of both. Cathay has relocated 200 "back office" accounts jobs to Guangzhou (Canton) for a salaries bill 25 per cent of what it was paying in Hong Kong.

It has also established a back-up computer centre in Sydney; and it is encouraging its pilots to opt for "home basing", that is, for Australian, Canadian and European pilots, to live in their home country rather than Hong Kong.

"Cathay has much of its cost base in Hong Kong," says Mr Eddington. "Inflation has had a significant negative effect on our business. Our product is sold in an international market place where competitive pressures are truly international."

In a related development, Hong Kong Aircraft Engineering Company, Haeco, recently signed a joint venture agreement with the Xiamen special economic zone in Fujian province to build a US$63m (£44m) aircraft maintenance facility in the zone. The facility – which is expected to be operational in 1996 – will consist of a hangar capable of accommodating two Boeing 747s, together with supporting workshops.

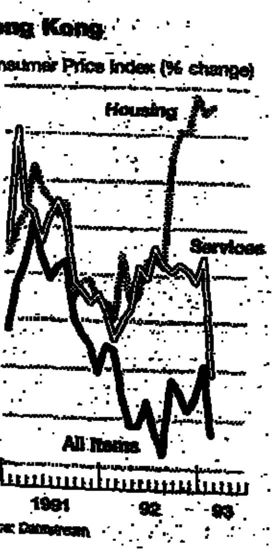
Again high costs of both labour and land is the motive for moving out of Hong Kong. Haeco has been employing and training mainland workers who will staff the Xiamen facility when it is completed.

Hongkong Bank was recently given approval by the Hong Kong government to recruit up to 350 workers from southern China to help it overcome staff shortages in its branch network.

Says Mr Paul Selway-Swift, head of the bank in Hong Kong: "I can not recruit enough tellers. I think there has got to be a move to try to take advantage of the pool of labour that exists across the border."

The importation of labour will not produce cost savings per se – the bank will house the people it recruits and that, together with salary, will equal the cost of a local hire – but it may help relieve the labour shortage.

"What has happened in the last few years is the growth in demand for service sector employees, especially in hotels and department stores. The new entrants have to pay more than us and when we raise pay so do they. Once we have trained someone it does not take much more training for them to adapt to anotherjob."



There is an added benefit for Hongkong Bank – similar to that for Haeco – from the importation of labour. It has ambitions to conduct full service banking in China, and a trained-in-Hong-Kong mainland staff would be a useful resource to staff such an operation.

"In the back of our mind we are aware that they could be useful to us in China, but that is not the reason we are doing it," says Mr Selway-Swift.

Text retrieval systems face competition probe

By Alan Cane

SIR Bryan Carsberg, director general of Fair Trading, has asked the Monopolies and Mergers Commission to examine the market for on-line text retrieval services.

It is an investigation which could have significant implications for the interpretation of copyright law.

On-line text retrieval services are typically provided by companies which store newspaper articles on business and financial subjects on their computer systems, delivering the information on request to a subscriber's personal computer.

The Office of Fair Trading says FT Profile, owned by the Financial Times Group, has a monopoly share of the UK market for such services. It says Profile is the only database of its kind to be in a position to offer the full text of the Financial Times: "Other historical on-line databases in this market in the UK have to compete without this important information source because of the FT's copyright licencing policy."

The investigation comes at the end of 15 months of talks between the OFT and FT Profile. Mr Fred Perkins, managing director of FT Information Services, said the FT would co-operate fully with the MMC.

The market also includes Maid Systems, a small London-based company, and two large North American organisations, Dialog and Mead Data, both with revenues of hundreds of millions of dollars.

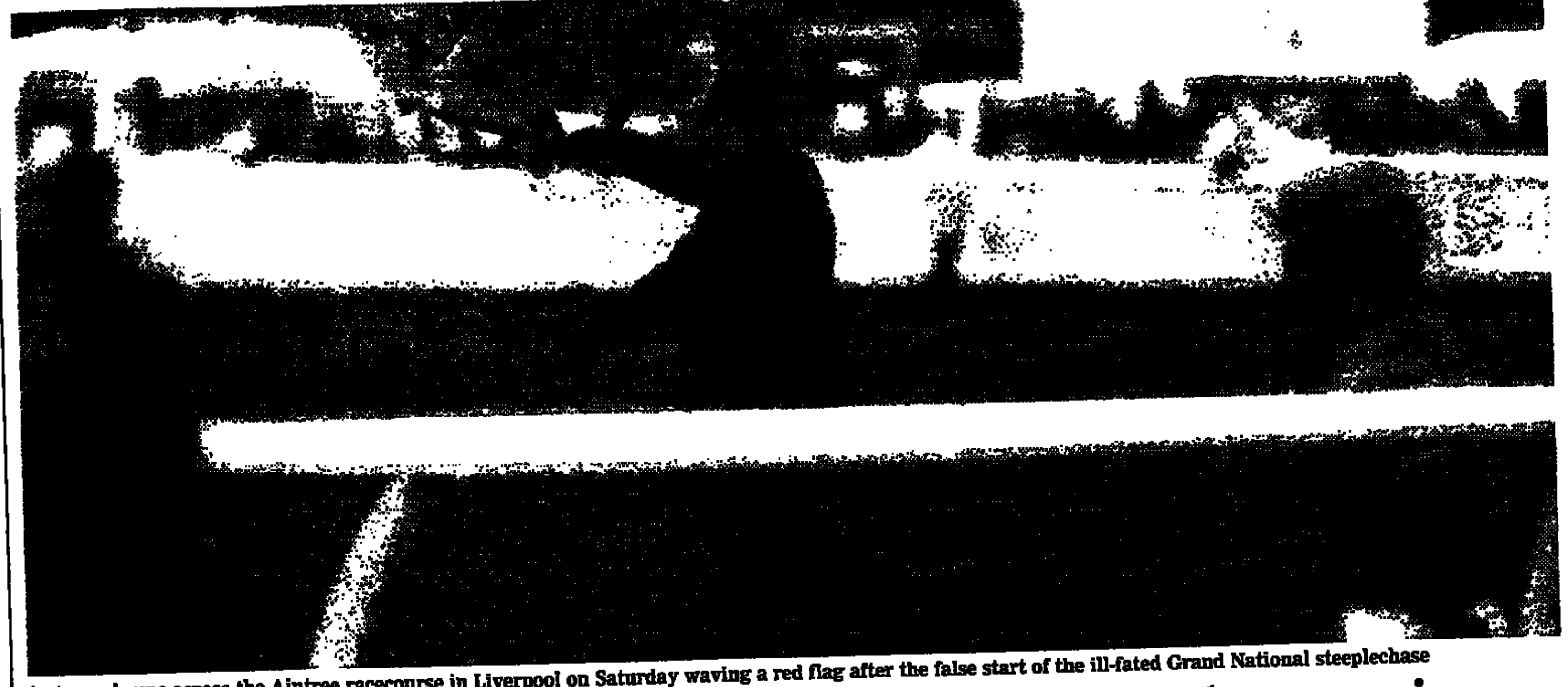
Profile turns over £12m at present and is just profitable at the operational level after a 10-year struggle to break into the international market for full-text electronic information retrieval.

It saw itself, Mr Perkins said, as part of the wider market for on-line business data, including companies like Extel and Reuter worth some £700m a year in the UK.

He said the investigation raised fundamental question's about a publisher's ability to exploit its copyright material in all media and markets.

It would be obviously unfair, if, as a result of the investigation, the FT was required to make its text freely available to its competitors while it was denied the right to publish electronically, for example, the Wall Street Journal or the New York Times.

The MMC has nine months to report its findings to the Secretary for Trade and Industry.



A steward runs across the Aintree racecourse in Liverpool on Saturday waving a red flag after the false start of the ill-fated Grand National steeplechase

Sport of kings run on a financial shoestring

By Michael Thompson-Noel

HOW did it happen? How could horse racing, which generates billions in betting turnover, fall so painfully and so publicly on its artfully-groomed face? How did the Grand National steeplechase at Aintree, Liverpool, last Saturday, end in fiasco?

After weeks, or even months, of in-fighting and buck-passing the finger of guilt will be pointed unanswerably at two groups: the Jockey Club, which runs British racing, and the management of Aintree racecourse. The struggle to pass the blame will produce epic confrontations.

Despite the billions bet on horse racing, it remains amateurish at many levels – including the racecourses, many of which are owned by small companies run by people with inadequate training, aptitude or skills. Some racecourses – such as Ascot, owned by the Queen – are nests of snobbery.

In common with racing generally, the 59 British racecourses are suffering from the recession. In 1991, their estimated revenues totalled £64m, with costs of about £77m. However, they receive money from the Horserace Betting Levy Board – £7.1m in 1991 – which reduced their overall deficit that year to an estimated £6.8m, against £5.3m the previous year.

Many courses are run on a shoestring. Their facilities are often poor. They rely on low-paid helpers and officials. And they are at the mercy of the economic forces buffeting the sport.

Although recent tax improvements, including VAT changes in the Budget, will help racing, its fortunes have suffered in recent years as owners sold out or reduced their involvement because of rising costs and lower prize money.

Britain's 9,000 racehorse owners shouldered a total deficit in 1990 estimated by the sport at £152m. By now it may be greater. Between 1985 and 1992 the number of racehorse trainers fell from 1,018 to around 860, leading to staff reductions of more than 1,000. And the total number of horses in training (both flat and jumps) fell from 14,000 to 11,500.

Meanwhile, the hapless stewards of the Jockey Club, meeting at their London headquarters yesterday, wondered how to minimise the damage done by the cancellation of the race. A full inquiry has been ordered.

As the world knows the race was declared void after officials failed to halt a majority of the horses and their jockeys following the second of two false starts. As a result, an estimated £60m in UK betting turnover is being refunded to punters; the government lost tax; and bookmakers lost hundreds of thousands in marketing expenses.

Britain in brief

Living costs fall 5.1%, says survey

Living costs over the past year have shown their biggest fall for more than two decades, according to a study published today by the Reward Group, a consultancy.

A family with average needs in terms of housing and consumer purchases needed in February an income 5.1 per cent less than a year previously to maintain its standard of living, Reward calculates.

The findings, the biggest fall since 1972 when the survey began, support other indications of low inflationary conditions due to the recession. Housing costs for home owners fell by 19.7 per cent in the year to February, mainly due to lower interest rates.

Skipper in court over fish clash

French skipper Michel Mesnage appeared in a Guernsey court yesterday charged with fishing illegally in British territorial waters off the island and with failing to comply with an order from a fisheries protection officer. The case was further adjourned until today.

Further rail action expected

Further disruption on Britain's railways can be expected next week. The RMT, transport union, looks set to call another one day strike, possibly in mid-week.

Its members working for Sealink Stena line are also expected to join in strike action at British ports in support of a call for no compulsory redundancies.

Both miners belonging to the National Union of Mineworkers, threatened by pit closures, and London busmen could also be involved in further stoppages after last Friday's disruption.

UK taxation

Taxation as a proportion of national income is set to rise this year to the highest level for four years, says the Adam Smith Institute. The figure will rise this year to 41.68 per cent from 39.43 per cent last year and 42.18 per cent in 1989.

N Sea contract

Trafalgar House Engineering Contractors, part of the Trafalgar House group, has won a £25m contract for a production platform for the Markham field in the southern sector of the North Sea.

Power licence

Cabah Energy, a company set up by a former financial analyst in the City of London to run power stations, has been granted an electricity generation licence by Offer, the industry's regulator.

Mr Chris Rowland, formerly with Barclays de Zoete Wedd, said talks were continuing with National Power and PowerGen for Cabah to run surplus power stations.

Leyland Daf appeal on parts

ADMINISTRATIVE receivers of truck and van maker Leyland Daf will urge the Court of Appeal this morning to avert a crisis for management buy-out attempts, writes John Griffiths.

If the receivers lose, management buy-out initiatives at the Leyland and Birmingham plants would be in difficulty because of a lack of parts.

The court will hear an appeal by Mr Murdoch McKillop and Mr John Talbot, the joint receivers for Leyland Daf, against a High Court decision in London last week not to compel Automotive Products, a subsidiary of the BBA engineering group, to continue supplying components.

The components, chiefly brake assemblies and some clutches, are used at both the truck assembly plant at Leyland in Lancashire and the van plant in Birmingham.

Automotive Products is refusing to deliver brake and clutch components until it is paid more than £758,000 which it says it is owed for parts supplied before Leyland Daf went into receivership in early February.

At the time of the hearing, the receivers warned that production could be halted at the van plant as early as yesterday and that truck assembly could end later this week. However, the receivers said yesterday that a rescheduling of production operations around the Easter holiday meant that the plants were unlikely to be halted before the middle of next week.

It is understood that about 15 companies are refusing to supply Leyland Daf, although the Automotive Products case is the most critical.

Barclays raises credit card charges to small retailers

BARCLAYS has told about 40,000 small retailers that the amount they are charged per credit card purchase is to rise by 8 per cent from this month unless they pay £35 a month to rent electronic card checking machines from the bank, write John Gapper and Ivor Owen.

The increase is part of an effort by high street banks to raise charges to retailers for card transactions because their card-handling subsidiaries – known as merchant acquirers – have been making only small profits, or losses.

National Westminster said it had not raised charges, but it is expected to re-examine them next month. Lloyds said it was raising credit card transaction charges by an average of 0.2 percentage points of purchase values.

Mr Richard Reay-Smith, chief executive of Barclays' central retail services division, said the bank was trying to give small retailers an incentive to take on electronic checking systems that would reduce the amount of fraud.

ECONOMIC DATA

UK may turn to US model for forecasts

By Peter Marsh, Economics Correspondent

A KEY part of preparing the UK government's much-criticised economic forecasts could be contracted out to a US company under proposals put to the Treasury.

Massachusetts-based DRI is the world's biggest economic consultancy and its clients include General Motors, IBM, Exxon and British Petroleum.

It says that running the Treasury's computerised model of the UK economy is "not impossible" and would add to its prestige.

If DRI and the Treasury agree a deal, the secretive process would receive the biggest shake-up since economic forecasts started in the 1940s.

DRI, owned by the McGraw-Hill media and financial services company and with annual revenues of about $60m, would scrap the Treasury's model, run by an in-house team of about 30 economists and replace it with one maintained by its own economists and software experts.

The Treasury model, last updated in 1988, is a computer containing more than 100 mathematical equations. It links factors such as unemployment and taxation and is a tool used to forecast likely output growth and inflation.

The Treasury would neither confirm nor deny whether talks with DRI are taking place on the grounds that it did not want to influence possible negotiations with other companies. It is examining the possible contracting-out of its computerised model as part of a Whitehall-wide scheme to encourage more private-sector involvement in government activities. The cost of Treasury forecasts – of which two a year are published though more worked on internally – is an estimated £750,000 a year.

DRI, with 450 staff of which 80 per cent are in the US, would base any work for the Treasury on its expertise in modelling parts of the North American economy on behalf of about 30 US states, including New York and California.

Under DRI's plans, Treasury ministers and officials would continue to be responsible for published UK forecasts. However the basis for how these are worked out would be left to a non-government agency, one step removed from political constraints.

In recent years, Treasury forecasts have been criticised for under-estimating both the extent of the late 1980s boom and the recession. Even though these shortcomings have been shared by many private-sector forecasters, some politicians and industrialists believe the Treasury projections have been "massaged" to provide a favourable view.

Enough official green shoots to make a salad?


Manufacturing output up 1.7 per cent on year


UK house prices rise 1 per cent


Retail sales volume up 2.4 per cent on year

INDUSTRY
- Industrial production – January manufacturing output up 0.6 per cent on month, 1.7 per cent on year
- CBI Industrial Trends – balance of 10 per cent of companies polled in March say they will boost output
- Purchasing managers index – up to 53.9 in March
- Business failures – Dun & Bradstreet says 1st quarter liquidations down to 5,297 from 5,603 the year before

HOUSING
- Nationwide Anglia building society says UK house prices rose 1 per cent in March
- Housing starts up seasonally adjusted 14 per cent in three months to February compared with previous three months
- Building society mortgage commitments – up 40 per cent during February

CONSUMER DEMAND
- Retail sales volume – up 0.2 per cent in February, 2.4 per cent on year
- Narrow money (M0) – up 4.5 per cent year to February
- New car registrations – up 15 per cent in February against February last year

TRADE
- Export volume to non-EC nations – up 4.5 per cent in three months to February (excluding oil and erratics)
- Import volume from non-EC nations – up 6 per cent in three months to February (excluding oil and erratics)

CREDIT
- Consumer credit – up net £151m in January
- Bank and building society lending – up £700m in February
- Broad money (M4) – up 3.4 per cent in year to February
- Bank notes in circulation – up 5.3 per cent in the week to March 31 over the equivalent week a year ago

LABOUR MARKET
- Unemployment – down seasonally adjusted 22,000 in February
- Job Centre vacancies – up adjusted 17,600 in February

CONFIDENCE
- FT-SE 100 index down 52.2 points to 2869.8 on Friday April 2 (from 2,922.1 four weeks before)
- Consumer confidence – at an all-time low, according to a post-Budget Daily Telegraph-Gallup poll, but MORI for The Times says the public is now less pessimistic.

Signs of a modest revival in consumer demand have begun to raise hopes of UK economic recovery. The outlook for unemployment and new credit business remains bleak but the governor of the Bank of England thinks that "in all probability" the recession is over. Mr Chris Dillow, UK economist of Nomura Research Institute in London, says there are "enough green shoots to make a salad" but the downturn in Germany and other Continental markets bodes ill for exports and consumer confidence at home remains fragile. Above is a round-up of recent indicators

Jobless 'set to peak at 3.1m'

By David Goodhart, Labour Editor

UNEMPLOYMENT will continue growing for only a few more months, peaking at 3.1m, but will still be around 2.5m by the end of the century, according to the annual review of the economy and employment by the Institute for Employment Research.

The IER expects a net 500,000 additional jobs by 2,000, most of which will be part-time jobs taken by women in the service sector. The female labour force is expected to grow by 500,000 over the next decade.

The trend away from primary and manufacturing industries to the service sector will continue, with manufacturing expected to lose another 600,000 jobs over the next decade. The new jobs will also continue the trend towards a more divided labour market with many being low pay/low status jobs and others being relatively high-pay/high status.

The growth in clerical and secretarial jobs, which now account for just over 4m jobs, will stop thanks to new technology and there is an expected decrease of around 150,000 by the end of the decade.

Skilled manual jobs will decrease by about 500,000 and plant and machine operatives by about 400,000 by the end of the decade. Utilities will lose about 80,000 by 2,000 with the biggest decrease in electricity.

An increase of 750,000 is projected for managers and administrators with a further 800,000 new jobs in professional and associate occupations. Part-time jobs accounted for the whole of the 1.2m increase in employment between 1980 and 1990 and an extra 750,000 are expected before the year 2,000 with 300,000 in health and 350,000 in education.

The growth in self-employment, in the 1980s concentrated in construction and parts of the service sector, is likely to pick up following the decline in 1991 and 1992. About 200,000 additional self-employed jobs are expected before the end of the decade increasing its share of total employment from 12.2 per cent in 1991 to 12.8 per cent in 2,000.

Consumer credit demand slackened in February

By Peter Marsh, Economics Correspondent

DEMAND FOR credit by consumers slackened in February, but remained above the depressed levels of last year, according to government figures released yesterday.

New borrowing through finance houses, building societies and certain bank credit cards rose a seasonally adjusted £49m in February, after a £151m rise in January.

Extra borrowings – taking into account repayments and excluding mortgages and bank overdrafts – in the three months to the end of February totalled £305m, well above the £64m in the three months previously.

The Central Statistical Office data reinforce recent indications of a muted recovery. This interpretation was also supported by Bank of England figures on the M0 narrow measure of money supply and by the CSO's latest set of cyclical economic indicators.

M0, which is mainly notes and coins in circulation, rose by a strong 4.9 per cent in the year to March, compared with a 4.5 per cent year-on-year rise in February.

> Confidence about order prospects among UK exporters has fallen in the past three months, according to a survey by DHL, the international distribution company.
>
> Its export confidence index, based on replies to a survey, stood at 51 in the first quarter after 56 in the fourth quarter of last year and 33 in the third quarter.
>
> The survey underlines how the weak state of many foreign industrial economies may damp growth in the UK.

The longer-leading index compiled by the CSO, which is supposed to give advance warning of economic growth, registered 109.6 in February, after 108.9 in January.

In February consumers showed less willingness to use bank credit cards to increase borrowings.

They repaid a net £8m on cards which are part of the Visa or Mastercard systems, after borrowing £40m on these cards in January. In the three months to the end of February net repayments on cards came to £11m, after repayments of £63m in the previous three months.

Total new consumer credit in February taken through cards, building societies and finance houses was £4.39bn, after £3.93bn in January. Between December and February new credit came to £12.95bn, up from £12.27bn in the previous three months.

The CSO published revised estimates of the amount of credit borrowed in the last six months of last year which indicate demand for lending in the final quarter was higher than previously thought.

Consumer loans through retailers, building societies, all types of credit cards and other credit agencies rose by £291m in the final quarter rather than the £153m initially estimated.

The corresponding figure for the third quarter was £203m, after a £392m first estimate.

● Overseas institutions bought £1.031bn worth of gilts in February, the biggest monthly figure since June 1991, according to figures from the Bank of England.

During the month total gilt sales came to about £3.2bn.

Venture capital industry revives in recession

By Charles Batchelor

THE UK venture capital industry bounced back in 1992, increasing the amount of money invested by 15 per cent to £1.4bn as venture capitalists took advantage of cheaper investment opportunities created by the recession. The year before investments had fallen by 17 per cent.

There were no signs of a shift away from relatively less risky, later stage investments which accounted for 57 per cent of deals by number and 29 per cent by value, the annual report of the British Venture Capital Association says.

Management buy-outs and buy-ins accounted for 26 per cent of deals by number and 64 per cent by value. Early-stage investments accounted for 17 per cent of deals and just 7 per cent of the sums invested.

British venture capitalists invested in a total of 1,297 companies around the world in 1992. Of total investments 88 per cent or £1.2bn were made in the UK, in 1,147 companies.

Consumer-related businesses continued to dominate investments by sector, attracting 32 per cent of the amounts invested.

The south-east accounted for the largest number of investments by region, attracting £550m of funds or 44 per cent of the total - proportionate to the region's share of business activity. Across the rest of the UK investment was spread fairly evenly by region.

Fund-raising by the independent venture capital companies fell to £347m in 1992 from £368m the year before, with pension funds continuing to be the most import source of finance. The 1992 figures include for the first time loans directly linked to equity investments by the same venture capital group so are not directly comparable with those of previous years.

A slowly tightening noose

The government's campaign to reduce red tape has made further progress with the appointment last month of the chairmen of the seven deregulation taskforces. But as the company featured here illustrates, conflicting demands for consumer protection will make for difficult choices.

The Growing Business Page is running a series highlighting businesses entrapped by red tape. It will award a bottle of Laurent-Perrier pink champagne to each one featured.

The owner managers of independent businesses are invited to describe their experiences – on no more than two sides of A4 please. Letters should be addressed to Charles Batchelor, Growing Business Correspondent, Financial Times, Number One, Southwark Bridge, London SE1 9HL or faxed to 071 873 3933.

Cutting red tape

JACK Maddox set up a pension scheme for himself and for the co-founder of his Liverpool-based advertising and marketing agency 14 years ago, but now wonders if this was sensible.

Maddox says his two-person pension scheme, now extended to cover four directors, is faced with a growing weight of regulation – with the possibility of more to come in the wake of the Maxwell scandal.

When Maddox established what is known as a small self-administered pension scheme in 1979 the setting up and monitoring costs were modest. An actuary's report on the progress of the scheme was required only once every three years.

A tightening of the rules has since led to a requirement that accounts must now be filed each year, requiring the use of a registered auditor and the scheme's actuary. The growing burden of legislation on the professions has meant that auditors and actuaries are becoming more painstaking in their approach and their costs have risen sharply.

"What used to be a small, easily administered fund has become a federal case," says Maddox, chief executive of Michael Bungey DFS, which has 12 full-time employees.

He calculates that allowing for inflation, the £1,000 minimum annual professional fee he is now charged would amount to £70,000 (£80,000 if start-up costs were included) over the life of a 30-year scheme. "That amount would buy a lot of pension but the fund members will see none of it," he says.

Small, self-administered pension schemes, sometimes referred to as directors' plans, serve a double purpose. They allow participants to provide for their pensions and, since funds in the scheme can, within certain limits, be invested back into the business, represent a valuable additional source of finance for small firms.

Jack Maddox: 'No one with his own pension scheme will rip himself off'

In a broader economic context, these schemes recycle funds generated by small firms back into the sector, compared with the payment of insurance premiums which are usually invested in large companies or in government securities. They also avoid the payment of substantial management charges to insurance companies.

The tightening regulatory noose has meant that businesses such as Michael Bungey now face extra costs. "Today, in the same position, we would avoid a self-administered scheme because a number of better and more lucrative alternatives exist," says Maddox.

"What seems to be forgotten is that the scheme is the managers' own fund. They have no interest in robbing themselves, so why are the controls excessive?" Maddox has registered his concerns with the Pension Law Review Committee, set up in the wake of Robert Maxwell's death and the discovery of a large shortfall in the Mirror Group Newspapers pension fund. This committee, which is due to report by September, is carrying out a wide-ranging review of occupational pension schemes, including the issue of the appropriate degree of regulation.

In principle, the small self-administered pension schemes are designed so that small companies can operate them relatively easily, compared with the rules for the larger occupational schemes.

As well as the possibility of further legislation resulting from the pension law review, the European Commission is considering imposing tighter limits on the amounts which the schemes can invest back in the business. The managers of small, self-administered schemes are limited to "self-investing" 25 per cent of the assets during the first two years and 50 per cent thereafter. But Brussels has suggested an overall limit of 10 per cent on self-investment, despite the fact that no other EC country operates this type of small company scheme, says Dryden Gilling-Smith, managing director of Employee Benefit Services, a consultancy.

Maddox contrasts the tightening of reporting rules for small company schemes with the relaxation of filing requirements at Companies House. "There is no trading data now, only balance sheet information," he says "That makes fraud much easier. But nobody who has his own pension scheme is going to rip himself off."

● The Department of Social Security says the government has to strike a balance between encouraging employers to set up pension schemes and safeguarding the rights of pensioners. It queries whether an annual audit is particularly onerous.

Single market update

How are you coping with the European single market?

You can improve your hand by reference to a clutch of new books which provide help and guidance on dealing with the new Europe.

The Handbook of European Business Contacts 1993-94 (Colt Books, 226 pages, £24.50) by Gerard Dawson and the Association of British Chambers of Commerce provides useful lists of hundreds of business support organisations, trade associations and government offices throughout Europe.

It gives a brief economic profile of the 12 EC member countries including comprehensive lists of local chambers of commerce – important because of their statutory role in most EC countries where they are the main repositories of business information.

One important source of cross-border business is the government contracts which have been opened up by EC public procurement policies. The problem for the smaller business, in particular, is knowing where to go for information.

Eurobudget '93 (Fourth Edition. London Chamber of Commerce, 224 pages, £95) by Michael O'Hagan and others, provides brief explanations of the EC budget process followed by details of all the budget lines open to outside bidders and the officials responsible.

This is a handy short-cut to information otherwise only available from a time-consuming study of EC budget documents but would benefit from a less terse introduction.

If your business dealings in Europe involve negotiations with a French business, *Negotiate in French and English* by Pamela Sheppard and Bénédicte Lapeyre (Nicholas Brealey, 138 pages, £9.99) provides a bilingual guide. It explains the French approach to negotiations and the terminology they use in situations ranging from establishing goodwill, through doubts and deadlock to compromise and agreement.

Intended for the businessman or woman with a good basic grounding in French, this fascinating book provides, in context, the phrases which cannot be found in general or business dictionaries.

For the businessman who wants to start from scratch *The Economist Guide to the European Community* (Revised edition. Century Business, 262 pages, £14.99) by Dick Leonard provides an informative overview of the EC's history, role and institutions.

This guide covers a lot of ground but retains a lively style.

CB

In a Nutshell

Paying over the odds for overdrafts

Many small firms pay between 5 and 10 per cent above base rate for overdraft finance, according to a survey of Northern Ireland businesses.

Thirty per cent of firms with overdrafts paid interest at 5 per cent above base or higher. Some companies in the services sector paid 10 per cent above base – a total of 16 per cent – while manufacturing companies paid up to 9 per cent above base.

These were not isolated cases and possibly reflected a failure to appreciate that rates were negotiable, the authors noted. One in six service businesses and one in 10 manufacturers were unaware of the rates they were being charged. The survey covered 1,000 firms employing fewer than 100 people each.

The Second Northern Ireland Small Business Survey, Anita MacNabb, Northern Ireland Small Business Institute, University of Ulster. Tel. 0232 365060. £5.

Home-spun business advice

Tell people you are working from home and you run the risk of appearing unprofessional. Yet many small businesses do start up in a back room or garage, while more and more executives are setting up as consultants after redundancy or retirement.

Home Run is a magazine providing advice for the home-based business owner on subjects such as dealing with the bank manager, choosing a computer and marketing.

Published 10 times a year. Annual subscription £72. 79 Black Lion Lane, London W6 9BG. Tel: 081 741 2440

Learning a degree of management skill

The Open University (OU) has launched a Certificate in Small Business Management to help owners, managers and advisers improve their management and business planning skills.

The certificate can be obtained through two five-month courses covering Core Skills in Small Business Management and Focus on Growth, each costing £450.

The OU has completed regional trials of the scheme and is now running a national pilot programme to cater further to the needs of business and other vocational qualification schemes. The pilot programme is being managed jointly with local Training and Enterprise Councils and chambers of commerce.

Contact Jayne Usher, Customer Service Centre, The Open University, Walton Hall, Milton Keynes, MK7 6YY. Tel: 0908 653473.

French students step into work

The Shell Technology Enterprise Programme (Step) has been placing students with small and medium-sized companies for eight-week summer vacation projects for the past seven years. This year it will give UK companies the choice of a French student for the first time.

In a pilot project confined in its first year to London, undergraduates from French universities will take part. Companies keen to expand their activities in France or elsewhere in the single market would be particularly suitable, Step said.

A total of 1,000 students from UK universities are expected to take part in the Step programme this year. The host employer pays half their weekly salary of £100.

Contact Sue Krantz, Euro-Step co-ordinator, London Enterprise Agency, 4 Snow Hill, London EC1A 2BS. Tel: 071 236 3000.

Increasing the employers' burden

Some small businesses are worried that government attempts to collect child maintenance payments from parents' pay packets will add to the workload on employers and damage employee relations.

The Federation of Small Businesses, which has 58,000 members, has criticised plans by the Child Support Agency to issue deduction from earnings orders if other methods of obtaining payment fail.

This latest burden comes on top of attachment of earnings orders which can be used to collect council tax payments and is at variance with the government's commitment to cut red tape, the federation said.

The City takes stock

Antonia Sharpe looks at the benefits of electronic trade confirmation

How ETC works

Source: Oasys Global

The collapse of Taurus, the London Stock Exchange's planned paperless settlement system, has forced UK financial institutions to think again about the future of their operations for the confirmation and settlement of securities trading.

One likely recipient of the resources freed by Taurus's demise is electronic trade confirmation (ETC), an automated screen-based process designed to shorten the time taken to confirm equity or fixed-income trades between brokers and institutions.

The main advantage offered by ETC to the user is the reduction in the number of failed trades which can often turn into expensive errors for the parties involved. Furthermore, ETC eliminates the need for confirmation faxes or telexes, which in turn should lead to a streamlining in back office staff.

The introduction of ETC into the UK came about following an industry user group (IUG) initiative in December 1991, led by Fidelity, the Boston-based fund management group. But although many institutions were quick to acknowledge the advantages of the system, only a few have decided to install one of the three ETC systems which are now running.

The main reason offered by institutions for not giving ETC a higher priority was that many of them had already invested a considerable amount of money adapting their back office technology to the eventual start-up of Taurus.

These institutions have been forced to return to the drawing board. One of them is the Prudential, the UK's leading life insurance and financial services company and a big investor in financial markets in the UK and abroad.

"Taurus was our number one priority for 1993 but we are now re-evaluating our priorities. ETC is on this list," says David Hanson, the administration director of Prudential Portfolio Managers.

The wider use of ETC is also the main objective of the IUG's new chairman, John Lambert, director of operations at Schroders Investment Management. "We have got to push much wider geographically – outside the UK – as well as go deeper within the UK," he says.

He adds that the prospect of a three-day rolling share settlement in the UK, as opposed to the current 14-day account system, means that ETC should also be considered by smaller financial institutions. Some of them still rely on brokers sending them contract notes in the post. "Speed will be of the essence when rolling settlement is introduced," says Lambert.

The collapse of Taurus has, if anything, brought rolling settlement much closer: it is being accorded a higher priority than before, with many in the City urging its introduction this year.

Meanwhile, the three vendors selected by the IUG to build and sell ETC systems have all gone live. Institutions can choose from Trax, sold by the International Securities Market Association, the Stock Exchange's Sequal system, or Thomson Financial Services' Oasys Global system.

These systems allow users to confirm trades within the UK and across continental Europe. Oasys also provides ETC with Mexico and plans to have a base in Sydney in the third quarter to provide ETC in the Asia Pacific region.

So far, the response from users has been positive. John Bevan, transaction support supervisor at Fidelity, says that since January, when Fidelity started putting details of trades through Oasys, the main advantage has been the reduced risk of failed trades. "It has made life easier but the main benefit will come when more people are involved," says Bevan.

At present, the three ETC systems operate independently, but there is an agreement in principle between the vendors to set up interfaces so that users do not have to subscribe to all three systems in order to confirm trades with each other.

However, progress on the links has been hampered by discussions about who will bear the cost of the development of the links and how the charges for using the links will be allocated among the vendors. The links are not expected to be in operation before the end of this year.

Lambert is keen to press ahead with the links which he believes are necessary for the success of ETC. For example, the existence of links would benefit brokers in particular since they have had to install several systems in order to communicate with different clients.

For now, the use of ETC is mainly between brokers or brokers and institutions but it would appear logical that the same trade details already stored in an ETC system could then be sent on by the institution to its custodian bank with payment and delivery instructions.

There has been an initiative to introduce such a system in Europe, known as ISITC, since the end of last year. A similar system is already in use between institutions and custodians in the US.

However, this stage of automation may take time before it is widely accepted, mainly because UK institutions may be reluctant to surrender their long-standing links with their custodian banks.

Matsushita and Sony join forces

Matsushita, the world's largest consumer electronics company, is launching a high-definition laser disc player which it is procuring from rival Sony in its first Original Equipment Manufacturer (OEM) agreement.

The deal, in which Sony will supply Matsushita with a high-definition laser disc player, will be the first time Matsushita has marketed a product purchased in its entirety from Sony. Under an OEM agreement a manufacturer buys a product from another manufacturer and markets that product under its own brand name.

It represents a significant shift in the strategy of Matsushita, which has competed fiercely with Sony.

The deal also highlights the growing trend among consumer electronics companies to procure products through OEM deals, so that they can focus their energies on areas where they have an edge over other manufacturers or which are more profitable. "Given [our] limited resources, we decided it was better to buy this product from Sony," Matsushita said.

Electronics companies must invest in R&D in a wide range of areas, the company explained. In order to bring products to the market swiftly, Matsushita concluded it would be better to co-operate with other manufacturers, rather than doing everything on its own.

Supplying products to the market through OEM agreements enables manufacturers to continue supplying consumers with a wide product range without having to manufacture everything themselves, which can be a costly and unprofitable.

Hitachi has also been considering buying low-cost PCs on an OEM basis with IBM.

The high price of developing new technologies has brought more consumer electronics companies together in an attempt to avoid another costly standards war.

The new laser disc player to be launched by Matsushita, for example, is based on a standard agreed by five of Japan's leading consumer electronics manufacturers – Matsushita, Pioneer, Sanyo, Sony and Toshiba. In addition to the high-definition laser disc player, Matsushita also announced the launch of a high-definition televison priced at Y980,000 (£5,700), one of the lowest in the market.

However, the company acknowledges that it faces a dilemma. In order for the market to grow prices must fall significantly. But it would rather not see prices fall rapidly, as prices of consumer electronics products have tended to in the industry's recent history, as this would prevent it from being able to recoup investment costs in HDTV over 20 years.

Michiyo Nakamoto

Technically Speaking

Sowing the seeds of productivity

By Frances Williams

Biotechnology has been greeted in developing countries with as much apprehension as enthusiasm. Pessimists argue that the concentration of biotechnology research and development within commercial companies in rich countries means, at best, that the needs of the poor will be bypassed. Profit-seeking firms will inevitably concentrate on products of most interest to affluent farmers – on new wheat strains or leaner beef, rather than improved millet or cassava, food staples for many rural Africans.

Worse, there are fears that biotechnology could make the poor poorer. Research on genetically engineered substitutes for vanilla, coconut oil, cocoa and even coffee could destroy the livelihoods of millions of farmers in the third world, repeating on a far bigger scale the predations of enzyme-produced sweeteners on the world sugar market.

Increased production due to higher yields from disease and drought-resistant crops could glut world markets and push down prices – bearable for farmers who can afford to buy the expensive new seeds (and gene-related herbicides) that cut their growing costs, but potentially devastating for those who cannot.

Finally, the reduced need for labour to fertilise, weed and spray the fields planted with these new wonder crops could cut rural jobs and incomes, intensifying poverty and accelerating the drift to the overcrowded cities. Weeding especially is a task done mainly by very poor women.

However, a review of existing applications of biotechnology in developing countries by the International Labour Organisation* suggests these fears are misplaced. Even today, biotechnology is not exclusively a preserve of the wealthy nations.

Many developing countries – from Mexico to Malawi – already have the skills and resources to exploit "second-generation" techniques based on micro-propagation, which involves producing plantlets from isolated plant cells to yield identical crops. A micro-propagation laboratory to produce cloned plantlets costs perhaps $250,000 (£176,000), small beer compared with the millions spent annually by third-world nations on imported chemical fertilisers.

Micro-propagation of potatoes in Kenya has doubled land productivity and profitability. China has gone further, developing resistant strains of rice and wheat with remarkable results.

In addition, micro-propagation for citrus growing in Mexico and tea planting in Malawi and Kenya actually boosted employment, as more hands were needed for planting, pruning and harvesting the extra crops. Jobs were also created in associated industries – the laboratories producing the plantlets and the factories processing the harvested crops.

Biologically-crafted crop strains also have big potential advantages for small, poor farmers, the ILO argues. Unlike their conventionally-bred Green Revolution counterparts, these strains do not require extra inputs such as water and fertiliser to realise better yields. On the contrary, they cut costs, save on resources, reduce the risk of crop loss and failure and, by improving storage qualities, may help small farmers bring their produce to market. In theory, the benefits of biotechnology should thus be shared more equitably.

To make sure that they are, countries need to adopt policies that encourage wide and speedy diffusion of biotechnology while limiting its adverse effects. The ILO argues that fair patent rules and greater competition between suppliers would help keep prices down and broaden access.

It also urges rich countries to scrap trade barriers to commodity imports that artificially stimulate work on substitutes and discourage research on new end-uses. Poor countries, it says, should do more to reduce rural inequalities and to promote adjustment to the new technology, which holds out the prospect of a more productive, efficient and greener farm sector.

Biotechnology: A hope or a threat? Edited by Iftikhar Ahmed, Macmillan for ILO, 1992.

BUSINESS OPPORTUNITIES

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

BUSINESSES FOR SALE

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The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of a leading operator of self access storage, office and workshop units.

Principal features include:

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- Available storage space of approximately 32,000 square feet.
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For further information please contact the Joint Administrative Receiver, Paul Jeffery, KPMG Peat Marwick, 20 Farringdon Street, London EC4A 4PP. Tel 071 236 8000. Fax. 071 248 1790.

KPMG Peat Marwick

Pannell Signs

The Joint Administrative Receivers offer for sale the assets and goodwill of Pannell Signs Limited, a sign making company located in Nottingham.

Principal features include:

- Current turnover of £4.3m per annum.
- Blue chip customer base, with order book of £0.7m.
- Centrally located leasehold premises.
- Skilled workforce of 77.

For further information please contact the Joint Administrative Receiver, *Mick McLoughlin, KPMG Peat Marwick, St Nicholas House, Park Row,* Nottingham NG1 6FQ. Tel: 0602 483444. Fax: 0602 483401.

KPMG Peat Marwick

BANK OF ATHENS

(FORMERLY TRADERS CREDIT BANK)
INVITATION FOR EXPRESSIONS OF INTEREST
IN THE COMPANY "ATHENS PIPE WORKS S.A."

The Bank of Athens, as liquidator of ATHENS PIPE WORKS S.A. in compliance with article 14 (46a) of Law 2000/91 again invites all *interested parties, whether they have already expressed their interest in the past or wish to* express it now, to submit within 20 days a non-binding EXPRESSION OF INTEREST in purchasing the assets of the above-mentioned company.

Interested parties can receive the OFFERING MEMORANDUM after signing the relevant confidentiality agreement.

THE COMPANY

The Company is basically engaged in the manufacture of welded steel pipes as follows:

(a) Longitudinally welded steel pipes (1/2"-103/4") for water supply, mechanical structures, line pipe casing and tubing (with API monogram), water pumping (ASTM) etc.

(b) *SPIRAL weld seam pipes* (61/4"-80") and

(c) Steel quick coupling pipes (diameter 70-150).

In addition it has two units for the production of enamelled bathtubs and radiators for central heating.

The Company's plant at Chalkis (Glyfa, Drossia), is built on a plot of land with a total area of 432,700m² and its enclosed space consists of five (5) independent large buildings and four (4) smaller ones covering an area of 74,800m².

The power of the mechanical equipment is 30,000 KW and total production capacity can attain 100,000 - 150,000 tonnes per annum depending on the product mix.

The Company also owns a plot of land at Nea Efkarpia, Thessalonike (49 Langada Street) 17,200m² and the enclosed space of 5,143m² is suitable for use as a warehouse.

Interested parties may submit their written non-binding expression of interest to the company's central office at 260 Pireos Street, Athens, addressed to Mr DEM. VAINALIS, the liquidator's representative, tel. +30-1-481.1375 and +30-1-482.0828, Fax: +30-1-481.0171, Telex: 212750 APWA.

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(In Administrative Receivership and Creditors' Voluntary Liquidation)

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D C Lovett or I Best,
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Poppleton & Appleby,
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Tel: 0742 755033 Fax: 0742 768556

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COMPANY NOTICES

THE FIRST MEXICO INCOME FUND N.V.

Curacao, Netherlands Antilles

Annual General Meeting of Shareholders

Notice is hereby given that the Annual General Meeting of Shareholders of THE FIRST MEXICO INCOME FUND N.V. has been called by the Managing Director, PIERSON TRUST (CURACAO) N.V. The Meeting will take place at 6, John B. Gorsiraweg, Willemstad, Curacao, Netherlands Antilles on April *23rd, 1993 at 3:00* p.m.

The Agenda and the Annual Report 1992 may be obtained from the offices of the Company at 6, John B. Gorsiraweg, Willemstad, Curacao or from the Paying Agents mentioned hereunder. *Shareholders will be admitted to the meeting on presentation of* their certificates or vouchers, which may be obtained starting April 8, 1993 from any of the paying agents.

Willemstad, Curacao, Netherlands Antilles, April 6, 1993

PIERSON TRUST (CURACAO) N.V.

Paying Agents

PIERSON, HELDRING & PIERSON N.V.
Rokin 55,
1012 KK Amsterdam

CEDEL
67, Boulevard Grande-Duchesse Charlotte
***L-1010* LUXEMBOURG**

LEGAL NOTICES

P.L.F. PHARMACEUTICALS LIMITED
(IN ADMINISTRATIVE RECEIVERSHIP)

NOTICE IS HEREBY GIVEN pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham, B5 4UU, on the 13th day of April 1993 at 10.30 in the forenoon, for the purpose of having laid before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by, or under the Act. Creditors are only entitled to vote if: (a) they have delivered to us at the address shown above, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and (b) there has been lodged with us any proxy which the creditor intends to use on his behalf.

Dated this 29th day of March 1993
N Toubs,
A M Menzies
Joint Administrative Receivers

***IN THE MATTER OF PRAXAIR SURFACE* TECHNOLOGIES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985, SECTION 175**

The above-named Company has approved a payment out of capital for the purpose of acquiring its own shares by purchase. The amount of the permissible capital payment for the shares in question is £1,859,268 and the date *of the resolution for payment out of capital* was 31 March 1993. The Statutory Declaration of the *Directors and the Auditors' report required by* section 173 of the Companies Act 1985 are available for inspection at the Company's registered office. Any creditor of the Company may at any time within the five weeks immediately following the date of the resolution for payment out of capital apply to the Court under section 176 of the Companies Act 1985 for an Order prohibiting the payment.

By Order of the Board
J R Pateman, Secretary
1st April 1993
Registered Office: Drakes Way, Swindon, Wiltshire SN3 3HX

Court annuls Commission's pulp fines

EUROPEAN LAW

The European Court of Justice has annulled the principal findings of a 1984 European Commission decision to fine 40 US, Canadian and Scandinavian woodpulp producers and three trade groups up to Ecu500,000 for operating a price fixing cartel on sales of woodpulp in the EC between 1975 and 1981.

The main evidence relied on by the Commission was parallels between both "announced" and "transaction" prices of woodpulp, though there was some evidence of direct contacts between some producers. US, Canadian and Finnish producers sought annulment of the decision on the grounds that there had been no concerted behaviour.

In 1988 the Court appointed experts to report on the Commission's findings of parallel pricing, and the evidence on which they were based.

Last week the Court annulled the Commission's finding of collusion on transaction prices on the grounds that it infringed the producers' rights of defence. The case against the producers on transaction prices had not been set out sufficiently clearly in the Commission's statement of objections.

In respect of announced prices the court said that a system of quarterly price announcements to customers did not in itself infringe EC competition rules. As the Commission had no direct evidence of concerted behaviour it was necessary to ascertain whether there could be another explanation for the observed parallels in prices.

The Court-appointed experts reported that the practice of quarterly announcements reflected purchasers' needs and market conditions. The near simultaneous price announcements could also be explained by market information passing speedily via buyers, common agents and a dynamic trade press.

Finally, the identical prices reflected an oligopolistic market. The Commission's finding of collusion was therefore not based on "a firm, precise and consistent body of evidence", and should be annulled.

A separate finding that US producers colluded on transaction prices in 1975 and 1976 was also annulled. However, the Court upheld findings that Finnish, Swedish and other European producers had colluded on hardwood pulp prices between 1973 and 1977.

Fines were annulled or reduced to Ecu20,000 and companies were released from price undertakings.

Joined Cases 89,104,114,116,117, and 125-129/85: A Ahlström OY v Commission. ECJ 5CH, 31 March 1993.

Plasterboard Decision Upheld

THE Commission's 1989 decision fining British Gypsum for infringements of EC competition rules has been upheld by the Court of First Instance.

The Commission had fined British Gypsum and its parent, BPB Industries, Ecu3m and Ecu150,000 respectively for abuse of their dominant position in the plasterboard market.

The companies asked the court to annul the decision or reduce the fines. They argued that the Commission had infringed their rights of defence by failing to disclose all the documents in its possession. They stressed that they had not been given access to documents supplied to the Commission by third parties.

The Commission argued that the contested decision was based exclusively on documents to which the companies had access; in any event, it argued that the rights of defence in competition matters did not entitle parties to proceedings to have access to all documents in the Commission's possession.

The Court found there had been no infringement of the companies' rights of access to the Commission's file. It said the Commission was entitled to restrict access to third party documents because of their confidential nature. Such documents should not be revealed to dominant companies which were capable of retaliatory action against companies which had helped the Commission in its investigation.

T-65/89: BPB Industries and British Gypsum v Commission CFI 2CH, 1 April 1993.

BRICK COURT CHAMBERS, BRUSSELS

Pacific hot potato

Barclays' challenge to California's unitary tax system has reached the US Supreme Court, says **Robert Rice**

The long-running legal battle over California's controversial system for taxing the operations of foreign companies has finally reached the US Supreme Court. Some time next month the justices will have to decide whether to review the nine-year-old case brought by Barclays Bank of the UK, which alleges that the state's unitary tax system is unconstitutional.

The case is being followed closely by a number of foreign governments and multinationals with subsidiaries in California, and it could spark the first confrontation with President Bill Clinton over his pledge to increase the overall contribution made by foreign companies to the US fiscal pot.

Under California's unitary tax system foreign-owned companies operating in the state are taxed on the percentage of their worldwide payroll, sales and property within California, rather than their locally earned income. Companies are liable to pay tax on this basis even if their California operations make no profit.

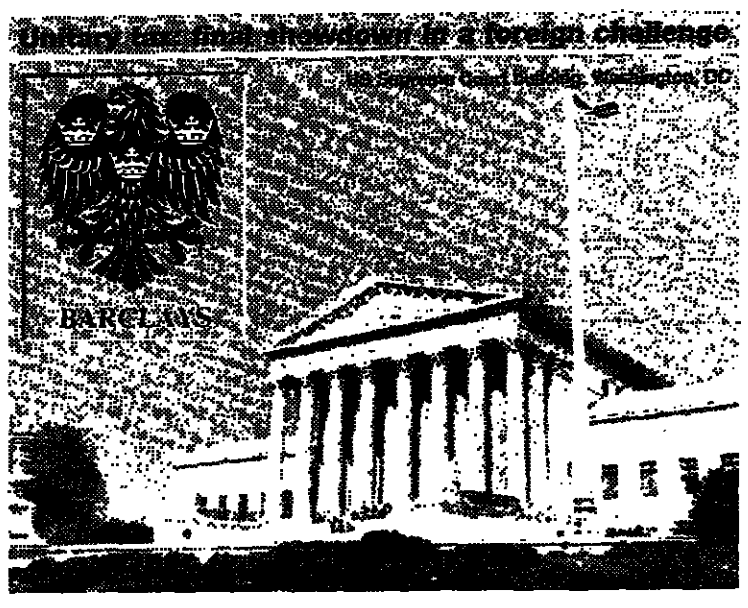
At issue in the Barclays litigation is more than $500m in taxes plus interest paid by foreign multinationals into California's coffers up to 1988, when the state relaxed its unitary tax rules to allow companies to opt out of paying unitary tax in return for paying a fee.

The history of the litigation is complex. In 1984 Barclays Bank, with the support of other multinational corporations and several foreign governments, filed a lawsuit alleging the California system was unconstitutional as its so-called "worldwide combined reporting" regime interfered with the US federal government's ability to conduct foreign policy.

After several battles in California's lower courts the case reached the state's appeals court in December 1990 where the judges ruled in Barclays' favour. But in May last year the California Supreme Court reversed that decision. While acknowledging that four US presidents have opposed state unitary taxes, the California Supreme Court held that Congress, which holds power over foreign commerce, has not opposed the tax. The law "does not give executive [branch] officials *carte blanche* to declare state tax methods null when they irritate our trading partners," Justice Armand Arabian said.

The case has now reached the US Supreme Court along with two others which have been running in parallel – one involving Alcan Aluminum of Canada and the other Colgate-Palmolive, the US-based multinational.

In February Barclays filed a petition with the US Supreme Court for *certiorari* (to have the California



Supreme Court's decision quashed). Alcan and Colgate are expected to file similar motions shortly.

The California Franchise Tax Board and others interested in filing *amicus* briefs, supporting either Barclays or California, have until April 24 to submit their views to the court before the justices decide on whether to review the case.

The state's fear is that if it loses either the Barclays or Alcan cases, domestic multinationals will also demand the withdrawal of the unitary tax on the basis that they have the right to equal treatment. That could cost the state as much as $3.3bn in tax refunds and an estimated $110m a year in revenue.

The equal treatment argument lies at the heart of the Colgate case. Colgate is attempting to overturn an earlier US Supreme Court decision on the issue in which the justices upheld the basic fairness of California's "worldwide combined reporting" method of taxing US-based multinationals.

Will the US Supreme Court agree to review the Barclays case? Most US lawyers believe that the whole issue of the taxation of US subsidiaries of foreign multinationals has become such a political hot potato since the US presidential election that the justices would find it hard not to accept the issue for review.

But the bigger question is whether President Clinton will support the Californian case as he promised to do during last year's presidential election campaign. Lawyers acting for California wrote to the new administration last month reminding the president of his campaign promise that "a Clinton administration would be pro-California in this litigation".

The state tax authorities know that unless the president specifically instructs the US solicitor general to file an *amicus* brief in support of the California case by the April 24 deadline the solicitor general will, as a matter of course, continue the policy of previous US administrations and file a brief in support of Barclays.

If the Clinton administration does follow through on the president's campaign promise, "it will be yet another indication of changes affecting foreign investment in the US as a result of the Clinton presidency", says Mr Charles Engros, a partner of Lord Day & Lord, Barrett Smith, the US law firm.

It could also produce the first confrontation between the US and foreign governments over America's tough new approach to the taxation of foreign multinationals.

Senior sources in the UK Inland Revenue confirm that the British government will be filing an *amicus* brief with the court in favour of Barclays' position and that Britain's stance will be supported by the EC member states and other governments around the world, including Canada and Japan.

Previous US administrations have always opposed unitary taxation of foreign-owned multinationals and have also been firm in their support of Barclays at each stage of the litigation, according to a Inland Revenue spokesman.

The UK government has been holding "high-level" discussions with the US administration and is confident of its continued support, he said. Earlier indications of a policy change came "before President Clinton was aware of the full international ramifications of the issue and the reasons for previous US administrations strong support for Barclays".

One of those ramifications is the possibility of retaliatory action against US multinationals by foreign governments. The UK took powers in the 1985 Finance Act, now enshrined in section 812 of the Taxes Act, to bar tax credits to the parent companies of US groups with subsidiaries in the UK. These powers have never been used. The government has always taken the view counter-measures are a last resort, the spokesman said. But if the Barclays case fails there would be considerable parliamentary pressure to invoke the retaliatory legislation.

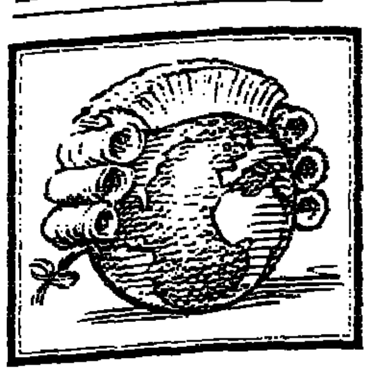
Barclays is reluctant to talk about the litigation while the issue is so "politically sensitive". However, it admits that if the Supreme Court refuses to grant *certiorari*, or reviews the case and upholds California, it may be the end of the road so far as it is concerned.

The costs of the eight-year legal battle have not been enormous compared with the $30m in taxes it hopes to recover if it wins. But the bank would be reluctant to begin all over again at state level looking for new grounds on which to challenge the unitary tax.

Other multinationals might be prepared to take up the fight, but some US lawyers believe that if Barclays loses, it might be the signal for a political solution to the whole unitary tax problem. "It is within Congress's power to pass legislation which may overturn the court's decision, if they are so inclined," says Mr Engross.

After more than a decade of wrangling many companies and governments will be hoping – one way or another – to see the back of the issue in 1993.

LEGAL BRIEFS



Appointment to silk cuts no ice with barristers

THE BAR in England and Wales is calling for radical changes in the way Queen's Counsel are appointed. An article in the Bar's magazine, Counsel, says that barristers must be prepared to take a firm stand in court on behalf of their clients even in the face of judicial disapproval. Yet it is predominately judges who advise the lord chancellor on appointments to silk. Some applicants have been refused because of the animosity of a particular judge, it says.

A similar article entitled A very English form of Corruption by an unnamed barrister in New Law Journal cites several examples of barristers whose appointments have been delayed or blocked by a single judge. In one well-known case a candidate had his appointment blocked by a judge because he shared the judge's mistress. The Bar calls for the setting up of a panel of senior members of the practising profession who would advise the prime minister, not the lord chancellor, on suitable applicants.

New Delhi's setback

LITIGATION between the English firm of solicitors Zaiwalla & Co and the Indian government over unpaid legal fees is close to settlement after a two-week hearing in the High Court estimated to have cost some £400,000. On Friday New Delhi formally abandoned its counterclaim for $585,000 alleging negligence against Zaiwalla & Co after the judge Mr Justice Gatehouse said the counterclaim was "hopeless" and should never have been brought in the first place. The firm is seeking payment of fees accumulated over five years for representing the Indian government in London.

PEOPLE

Loudon broadens M&G's board

George Loudon, the former chief executive of Midland Montagu, has been appointed a non-executive director of M&G Group, one of Britain's biggest fund managers.

Loudon, 50, comes from a well known Dutch family which has produced the chairman of Royal Dutch Shell and Akzo as well as several bankers. In spite of his Dutch name, Oxford-educated Loudon has an English wife and feels more at home on the international business circuit than most of his peers.

He has worked with Lazards Frères in Paris, the Ford Foundation in New York and Jakarta, McKinsey & Co and Amro in Amsterdam, before being headhunted as part of Midland Bank's new management team. He has contacts which should come in handy for a firm of fund managers with international ambitions. Loudon, who

lost his job as an executive director of Midland Bank following its takeover by HSBC Holdings last year, was appointed a non-executive director of Arjo Wiggins Appleton in January.

It is just over a year since M&G appointed Hugh Collum, SmithKline Beecham's finance director, as a non-executive director and Paddy Linaker, M&G's chief executive, says that Loudon's appointment is part of an effort to broaden the board membership. Traditionally, M&G has drawn most of its non-executive directors from a relatively small circle. Before Loudon's appointment three out of M&G's seven non-execs were connected with the Esmée Fairbairn Charitable Trust, which owns a third of the company, and Bobbie Brooks is a director of Kleinwort Benson, which used to own a 37 per cent stake.

Meanwhile, Michael McLintock, who has recently joined M&G from Barings' corporate finance department, has been appointed a director of M&G Investment Management. McLintock, whose father Alan has been a non-executive director of M&G since 1982, will be promoting the firm's investment skills for managing segregated pension funds.

Insurance moves

■ **Alan Gavaghan** has been appointed deputy chairman, **Bob Guthrie** chief executive and **Victor Haslett** deputy chief executive of WILLIS CORROON Ltd; Victor Haslett also becomes chief executive of Willis Corroon South and **Bob Martin** chairman and chief executive of Willis Corroon London.

■ **David Forcey** has been appointed chairman of Meacock Samuelson & Devitt, part of STEEL BURRILL JONES, on the retirement of **John Horwell. Christopher Gibb, David Norman** and **Christopher Randall** have been appointed directors of SBJ Speciality Ltd, a subsidiary of STEEL BURRILL JONES.

■ **Graham White**, md of Jardine Reinsurance Consultants, has been appointed a director of JARDINE THOMPSON GRAHAM.

■ **David Holder**, md of BAIN CLARKSON's southern region, has been appointed to the main board.

■ **Andrew Bathurst** has been appointed a director of NICHOLSON CHAMBERLAIN COLLS BankAssure.

■ **John Adams** has been promoted to finance director of FAMILY ASSURANCE SOCIETY and **Keith Meeres** has been appointed compliance officer; he moves from Prudential Assurance.

■ **Michael Sinclair** has been appointed finance director of WESLEYAN FINANCIAL SERVICES.

■ **Lowry Maclean**, md of WESLEYAN ASSURANCE SOCIETY, has also been appointed vice-chairman.

■ **Andrew Clarkson** and **David Spiller** have been appointed directors of GREIG FESTER GROUP.

■ **Simon Hayes** and **Stephen Karpus** have been appointed directors of Carpenter BOWRING.

■ **George Nixon** has been appointed chairman and **Richard Bucknall** md of the non-marine group of WILLIS FABER & DUMAS.

Brown treks back to United Inds

Loss-making United Industries has hired Tom Brown, previously group managing director of the much larger, Hull-based, engineering group Fenner, who thinks he has spotted the ideal time in the economic cycle to "be involved in something entrepreneurial".

Brown's predecessor at the company, which makes precision springs for aerospace, automotive, electrical and engineering applications, was 53-year-old David Simpkin, who has taken early retirement after a heart attack. A chartered accountant, he had been with parts of the group for 27 years and group managing director since 1989.

"In any case, we needed a different kind of manager to lead us out of the recession, one who was more product-oriented," says chairman Ken Coates. "Brown is a trained professional manager with an MBA [from IMEDE in Lausanne] and he is a qualified engineer."

Brown, who has been trekking in Morocco since resigning two months ago, likens Fenner to an oil tanker. "I have been keen to be master of my destiny," he says. Peter Barker, executive chairman, has been there "approaching 40 years. It is very much his personal fiefdom".

At United by contrast he has a non-executive chairman who promises to "offer guidance and counsel but not to get in the way", as Coates himself puts it.

His last entrepreneurial sortie, Brown now thinks, was just at the wrong stage of the economic cycle. At the end of the 1980s his search, in association with Schroder Ventures, for a management buy-in opportunity which he would run and Schroders would finance, proved fruitless.

■ **Roy Freeland** (above left), formerly md of Meggitt's electronics division, has been appointed BOWTHORPE's group general manager responsible for four business sectors.

■ **Ken Donlan** (above right) has been appointed md of ETHYL Petroleum Additives.

■ **Sir Gordon Jones**, chairman of YORKSHIRE WATER, has relinquished the role of chairman of its subsidiary, Yorkshire Water Services Ltd and is succeeded in that role by **Trevor Newton**, md and deputy chairman.

■ **Cliff Roberts** has been appointed production director at Smith Flow Control, part of HALMA.

■ **David Young** has been promoted to vice-president for northern Europe of DURACELL.

■ **Ian Chate**, group legal adviser, has also been appointed company secretary at OCEAN GROUP on the retirement of **Ken Wright**.

■ **David Jones**, md since March 1990, is appointed chief executive of SOUTH WALES ELECTRICITY.

■ **Alan Scott** joins HYDRO-ELECTRIC as director of human resources; he previously held the same post at Coates Brothers, a TOTAL subsidiary. **Jim Jebson**, company secretary and director of personnel, is retiring.

■ **David Murray**, director of property at the Royal County of Berkshire, has been appointed deputy chief executive of The CROWN ESTATE.

■ **Stephen Day** (below left), formerly financial controller with County NatWest Securities, has been appointed finance director of DHL INTERNATIONAL (UK).

■ **Jim Brown** (below right), founder and md of Microbiological Associates International, has been appointed head of business development and licensing at AMERSHAM INTERNATIONAL.

Avant-garde hero worship

William Packer on a celebratory exhibition of Marcel Duchamp

THIS FULL study of the life and works of Marcel Duchamp continues the series of important and enlightening exhibitions that has been occupying Fiat's Palazzo Grassi, on the Grand Canal at Venice, since 1986, taking modern, old master and broader cultural subjects turn and turn about. But if the usefulness – indeed the importance – of this exercise is beyond doubt, it may be so after rather a different fashion to the one intended by the organisers.

It cannot be said too often that serious critical study may be justified quite as much by a sceptical as by a celebratory approach to its subject. Yet with the fine and plastic arts, most especially with modernism and the contemporary avant garde, the approach is invariably one of insistent justificatory celebration.

Marcel Duchamp, one of the great *guru* figures of 20th century art, was born in 1887 and died in 1968. By the 1960s, by then long isolated from the immediate engagement with Cubism, Futurism and Dada that had once given his work at least a context and contemporaneity of sorts, he had become a singular hero to the post-war generation of the avant garde. Since then, through his ideas and practical example, he has exerted a greater influence on the currency of modernism than any other artist.

To say, with Pontus Hulten and Jacques Caumont, respectively director and curator of the exhibition, that "There are no works of art today which are not related, in one way or another, with the ideas developed by Duchamp", is patent nonsense.

What *is* true is that the enthusiasms of the international curatorial establishment of modernism, and the orthodoxies of the avant garde these 30 years past, owe everything to him. And, in England, art education itself was remodelled in the mid-1960s on half-baked Duchampian ideas, with such forcing-houses as Goldsmith's College refining the product today as never before. Should they ever think about it, the only thing that would perplex these latter-day acolytes, guardians of the sacred flame, from the Richards, Hamilton and Long, to Damien Hirst and Marc Quinn, is Duchamp's own self-denying ordinance: that a single idea should receive but a single expression.

The art-educational application of Duchamp's ideas is of particular relevance, for as experimental exercises in perception, analysis and response, albeit anarchic and ultimately nihilistic, there is something to be said for much of what he demonstrated, up to a point. With the *mètres étalon* of 1914, for example, by all means play the little game, once: "If a horizontal thread one metre long falls straight from a height of one metre on to a horizontal plane twisting as it pleases and creates a new image of the unit of length." How long is a piece of string? How many ways are there to break an egg?

In just such a way, what had never been considered before enjoys a momentary frisson of discovery and at once sinks back into the obvious and the banal. In just such ways may the youthful sensibility be honed and sensitised. Would that it had been left at that: but Duchamp preserved his threads as they fell, froze their profiles in wooden templates, called them "3 standard stoppages = canned *chance*", and put the whole lot together in a special box. He devised colour-wheels and cones, some with texts after the fashion of prayer-wheels, and as they whizz round, what pretty patterns and rhythms they make.

Touch up the art-work: make perfunctory etchings after the works of others, Courbet, Rodin, Ingres, Cranach: put a moustache on the *Mona Lisa*: keep copious notes, keep every scrap and jotting and put them in a case that becomes at once a portable museum: just pick up anything you like and call it art – oh, what fun, and how easy to do.

The *ready-mades* are Duchamp's most notorious and most characteristic works, that combine immediacy, practical opportunism, wit and mischief. A bottle-rack, a crown of coat-hooks, a urinal, all become sculpture and art at Duchamp's decree that they are so, and up to a point, why not? To see things and to know them for what they are is one of the great gifts the artist offers the layman, and unselfconscious formal qualities and imaginative possibilities are qualities and possibilities nonetheless.

But into the museum they all go, with the deadening, pseudo-critical validation of the perpetrator's own ramblings: "Specifications for Readymades, by planning for a moment to come... to inscribe a readymade. The readymade can later be looked for (with all kinds of delays). The important thing then is just this matter of timing, this snapshot effect... a kind of rendezvous. – Naturally inscribe the date, hour, minute on the readymade, as *information*..."

The early work as so often, gives the game away. For here was the young Duchamp anxious to follow the example of his elder brothers, Jacques Villon and Raymond Duchamp-Villon, and become an artist. To be an artist is a great thing, his is a seductive vocation, glamorous and romantic. But painting itself is very difficult, and so often a matter of the greatest frustration to the intelligent man who yet cannot make his hand and materials accomplish what he would wish. Surely there must be an easier way? Aha, perhaps there is.

The secret is to elevate content, that is to say the animating idea, above form and technique: and if it should be so elevated, why not detach it altogether? Duchamp was no painter, and his great if questionable legacy to the art of our time is that, if you cannot do it, you do not have to do it. The thought, the concept, is the thing. It is the nicest irony that his very demonstration of the conceptual principle should render all the conceptual art that has followed, that we know and love, in the strictest sense, unnecessary, *redundant*, otiose.

Marcel Duchamp: Palazzo Grassi, Venice, until July 18 – the Palazzo Grassi S.p.A. is the Fiat Group's cultural foundation, based in Venice.

But is it art? Duchamp's moustachioed Mona Lisa

New York Music

Behind the Veil

America has yet to fall under the spell of "The Protecting Veil". The recording has only just been released in the US, and Steven Isserlis's performance at Carnegie Hall last week was the first in New York, coming nearly four years after the Prom premiere that launched the current British wave of interest in John Tavener's music. The mood in the hall was expectant, but also sceptical, which may be why the performance missed incandescence. However, there could have been other reasons.

For one thing, to hear Tavener abroad, and played by non-British musicians (the strings of the New England Conservatory Symphony, under Michael Tilson Thomas, were accompanying Mr Isserlis's long cello song), is to be reminded how English his music is – how much its wide-spanning harmonies, say, belong in the tradition of Vaughan Williams, not Copland. The playing was remarkably assured, but too much fizz and thrust and energy was going into the music, and the imitation bell sounds, which reappear to celebrate arrivals at different points in the life of the Mother of God, had an unwanted bodily enthusiasm to them.

It could also be that the piece simply works better on record. Everything visual at a concert performance is alien to it: the movements of the soloist (the unbroken line of cello sound asks to be heard as disembodied, as if the instrument were uttering by itself – or, better, as if there were no instrument at all but only the sound), the gestures of the conductor, the uniform obediences of the orchestra, the tiered audience.

The inevitable noise of public performance, too, is out of place: even applause seems mistimed, except as an acknowledgement of the heroic feat of stamina, intensity and musicianship achieved by the soloist. Mr Isserlis in his recording sets himself a high challenge; here his maintenance of full, pure tone, up to the highest register and down to the tiniest pianissimo, was extraordinary. It was showpiece playing from one about to receive the triennial Piatigorsky Award.

But possibly the not-quite-satisfactory effect of the performance as a whole was entirely a subjective phenomenon: the result of over-exposure, or of worrying about what continuing admirers of the work may regard as incidental details, such as the travelogue picturesqueness of the Levantine microtonal ululations and wild dances, or the wearying repetitions of the same music to open each new chapter, or the limited melodic invention. All is well if nothing happens to make one start asking questions. As soon as one does, the first has to be that of how to interpret Tavener's simplicity as ascetic and not merely cosy.

Paul Griffiths

Theatre

Yankees on the fringe

London's fringe theatre has gone very American. After David Mamet's early play *Squirrels* at the King's Head, a new company, Small Talk Theatre, is reviving another Mamet, *Sexual Perversity in Chicago* at the Etcetera in Camden Town. Meanwhile, the Gate in Notting Hill has come up with a relatively unknown playwright in Wendy MacLeod, whose *The House of Yes* has the disadvantage of harking back yet again to the day that President John F Kennedy died, but adds a macabre Jacobean touch of incest.

All three productions are superbly done. What they also have in common is short, terse dialogue and rapidly changing scenes. Possibly the influence – the desire to play it fast – comes from Hollywood. Some of the Mamet scenes last less than a minute. In *The House of Yes* one key scene is acted several times over, though each time with a twist.

None of the plays is quite up to Arthur Miller's *The Last Yankee*, still playing at the Young Vic, but there is a vitality in the writing and staging of all them that the indigenous theatre has temporarily lost. The small platform is the right place for them, but it the same kind of taut dialogue that makes *City of Angels* such a good musical. Americans are still talking to each other on stage.

Malcolm Rutherford

The House of Yes: Dena Davis and Matt Bardock

Paris Opera / **Ronald Crichton**

Mireille: a worthy survivor from a Provençal idyll

A cheering, reassuring sight – queues stretching across the Place Boieldieu in front of the Opéra-Comique in Paris for a Sunday matinée. The attraction? Not a baroque revival by one of the authentic-instrument groups approved by the musical "tout Paris", but Gounod's *Mireille* – a survivor from the old popular repertory now gingerly being taken down from the shelf and found good.

The process is not confined to Paris: this *Mireille* started in Avignon and will also be shown in Lausanne, Nantes and Tours. The queuers were rewarded by an uncommonly enjoyable performance of some ravishing music reflecting Gounod's sudden, overwhelming love affair with the sights and sounds of Provence. The first act and much of the second form a perfect pastoral idyll. The transition from idyll to rural tragedy is not altogether happily made but there remains plenty to enjoy: nothing turns ponderous, nothing goes on too long.

Robert Fortune's production, clearly designed with touring in view, in sets by Dominique Pichou and costumes by Rosalie Varda is traditional, honest, colourful, suggesting the sun and shadow of Arles and the country round about with a minimum of detail (the costumes, I fancy, are accurate). The Provençal songs and dances are presented simply without quaintness or condescension. Choral and choreographic movement (the latter by Laurent Noris) are smoothly interwoven. The third act scenes in the Val d'Enfer and on the banks of the Rhone avoid the wishy-washiness lurking in Gounod's deliberately subdued treatment of the supernatural. Only the last act lost its way, with a corner of the Crau desert surely too invitingly sunny to give Mireille her fatal sunstroke (not even a glimpse of the mirage she sees) and a final scene in the chapel of the Saintes Maries suddenly switching style to black drapes and banks of electric candles.

There was a partly double cast. I heard Michèle Command as Mireille and Luca Lombardo as the basket-weaver Vincent, whom she loves in spite of furious opposition from her father, a rich farmer. The soprano pleaded throat trouble but showed little sign of it. Both are most likable performers, she warm, easy, supple, phrasing sensitively, the tenor elegant, ardent and youthful. Both, the tenor especially, have excellent diction (Michel Carré's adaptation of Mistral's Provençal epic is no fun to read but it sings well).

Ourrias the drover, who wounds Vincent out of jealousy, was sung with biting intensity by the Belgian baritone Marcel Vanaud. The character does not normally stand out so clearly from the other deep voices. The short but telling role of the kindly witch Taven was taken at this performance by the veteran Rita Gorr. This rightly popular favourite has plenty of power left: at moments I thought she might shake the ruins of Arles to their foundations. The small parts were well cared for, the mysterious ferryman (Christian Poulizac) making the utmost of his moment of glory. Cyril Diederich, conducting the Opéra-Comique chorus, the Hauts de Seine children's choir and the Colonne Orchestra, fill the theatre with joyous, mellow sound. Gounod scores like Schubert, much of whose melodic gift, in this opéra especially, he inherited.

If a new government in France means a shake-up in the operatic world it would be another opportunity (there have been others but they have slipped by) to give a more positive role to the Opéra-Comique. This famous institution is underused. The building – old-fashioned, inconvenient and ill-equipped – could do with some of the funds shovelled into bigger things more likely to produce "gloire".

From the spectator's point of view, is there a better house for hearing medium-sized opera? Many years back, Rolf Liebermann, then director of both the Opéra and the smaller house spoke in an interview of the Opéra-Comique's great prestige and illustrious past, stressing that of all lyric theatres in France it had staged the greatest number of first performances. That past adds up to a rich repertory much of which may not appeal to social or cultural snobs, but is an essential part of French musical culture. Seeing the queues for *Mireille*, one cannot hardly doubt public support, given a chance.

Sponsored by Alliance Opéras.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight and Fri: Bach's Matthew Passion. Thurs: Emmy Verhey is violin soloist with Royal Military Orchestra (24-hour information 675 4411, ticket reservations 671 8345)
Muziektheater Tonight, Thurs, Fri: Dutch National Ballet's Tchaikovsky programme, choreographies by Balanchine and Edouard Lock. Next Mon, Wed, Thurs: Stephen Petronio Company. Next Tues: first night of Catalani's La Wally (6255 455)

■ ANTWERP

THEATRE/DANCE
Tomorrow at Monty: Peter Halasz and his New York-based Love Theater present Piero della Francesca Cabaret. Sat evening, Sun afternoon at Koninklijk Jeugdtheater: Philippe Decouflé Dance Company (234 1188)
CONCERTS/OPERA
Thurs and Fri at Carolus Borromeuskerk: Sigiswald Kuijken conducts La Petite Bande and Collegium Vocale in Bach's St John Passion, with soloists including Nancy Argenta (234 1188). Sat at deSingel: Antonio Pappano conducts Orchestra and Chorus of the Monnaie in works by Verdi and Stravinsky (248 3800). April 9, 12, 15, 18 at De Vlaamse Opera: Silvio Varviso conducts Angela Brandt's production of Parsifal (233 6685)

■ BRUSSELS

Palais des Beaux Arts Tonight: Kurt Masur conducts New York Philharmonic Orchestra in works by Barber, Bright Sheng and Brahms (507 8200). Fri: Antonio Pappano conducts Orchestra and Chorus of the Monnaie in Verdi and Stravinsky (219 6341)
Monnaie Tonight, Thurs, Fri, Sun afternoon: René Jacobs conducts Herbert Wernicke's new production of Cavalli's La Calisto (219 6341)

■ CHICAGO

Orchestra Hall Tonight: Christoph Eschenbach is soloist in a Chicago Symphony Orchestra programme of three Mozart Piano Concertos. Thurs, Fri, Sat: Leonard Slatkin conducts works by Vaughan Williams, Tower and Prokofiev (435 6666)

■ GENEVA

Grand Théâtre Tomorrow, Wed, Sat: David Porcelijn conducts Pierre Strosser's production of a triple bill linking Schoenberg's Erwartung and Pierrot Lunaire with Berg's Der Wein. Repeated next Tues, Thurs, Sat (311 2311)
Victoria Hall Thurs: Ingo Metzmacher conducts Orchestre de la Suisse Romande in works by Varèse, Nono, Mozart and Webern, with piano soloist Gerhard Oppitz (311 2511)

■ THE HAGUE

Dr Anton Philipszaal Thurs: Oliver Knussen directs Asko Ensemble in works by Berio, Knussen and Del Tredici, with soprano Lucy Shelton. Sat: Alicia Mounck conducts Hague Philharmonic Orchestra in works by Donatoni, Ligeti, Kagel and others (360 9810)
Danstheater Thurs: Gabriele Bellini conducts Opera Forum production of Madama Butterfly (360 4930)

■ ROTTERDAM

De Doelen Tonight, tomorrow, Thurs: Matthias Bamert conducts Rotterdam Philharmonic Orchestra in Brahms' First Serenade and Violin Concerto (Nikolai Madoyan). Fri: Bach's Matthew Passion. Sat: Pat Metheny (413 2490)
Schouwburg Tonight: Nederlands Dans Theater in choreographies by Paolo Ribeiro, Nacho Duato and Hans van Manen (411 8110)

■ UTRECHT

Vredenburg Tonight: Bach's Matthew Passion. Tomorrow: Oliver Knussen conducts Asko Ensemble in works by Del Tredici, Berio and Knussen. Fri: Pat Metheny. Sat: Ross Daley, music from Crete (314544)

■ VIENNA

Staatsoper Tonight: Ashton's ballet La fille mal gardeé. Tomorrow: Ariadne auf Naxos with Mechthild Gessendorf and Barbara Kilduff. Thurs and Sat: Horst Stein conducts Parsifal, with Poul Elming, Franz Grundheber, Hans Tschammer and Ute Priew. Sun: Fidelio with Luana DeVol and Thomas Moser. Mon: Die Zauberflöte (51444 2955)
Volksoper Tonight: Die Zauberflöte. Tomorrow: My Fair Lady. Thurs: Nabucco. Sat: Die Fledermaus. Sun: Wiener Blut (51444 2959)
Minoritenkirche Tonight, Fri, Sat: Mozart's Requiem performed by orchestral and choral forces from Bratislava (402 0763/713 2218)
Musikverein Tomorrow: Erwin Ortner conducts Austrian Radio Symphony Orchestra and Arnold Schoenberg Chorus in Brahms' German Requiem, with Eva Mei and Thomas Hampson. Sat and Sun: Rafael Frühbeck de Burgos conducts Vienna Symphony Orchestra. Next Tues: Sinopoli conducts Dresden Staatskapelle (505 8190)

■ WASHINGTON

THEATRE
● Mother Courage: Brecht's play directed by Michael Kahn, with Pat Carroll in title role. Opens tonight, till May 16 (Shakespeare Theater at the Lansburgh 202-393 2700)
● California Cowboy and Crushed Tomatoes: one-act plays by Ernest Joselovitz and Donna DiNovelli, taking an unusual look at family life. Opens tomorrow, till May 2 (Source Theater 202-462 1073)
● Cockburn Rituals: John Strand's satirical play about a hospital patient with a mysterious infectious disease. Opens on Thurs, till May 9 (Woolly Mammoth 202-393 3939)
● Tone Clusters and The Moontshot Tape: two one-act plays, by Joyce Carol Oates and Lanford Wilson, about parents, children and the brutal crimes they commit against one another. Till April 18 (American Showcase Theater 703-548 9044)
● Lady Day at Emerson's Bar and Grill: a musical celebration of the life of jazz singer Billie Holiday, recreating the 1959 nightclub of the singer's final performance. Till May 16 (Head Theater 410-332 0033)
● Five Guys Named Moe: a celebration in song and dance of the 1940s jazz great Louis Jordan. Till May 16 (Fords Theater 202-347 4833)
● Jacques Brel is Alive and Well: cabaret review celebrating 25th anniversary of Brel's music of comedy and pathos. Sun, Mon and Tues till April 27 (Tavern Stage 202-547 0188)
MUSIC/DANCE
● Tonight's National Symphony concert in the Kennedy Center is a Bach programme tonight directed by Iona Brown. Fri, Sat, next Tues: Gerhardt Zimmermann conducts opening concerts of a two-week Beethoven series, with piano soloist André Watts. Sun: Choral Arts Society of Washington in Bach's B minor Mass (202-467 4600)
● Daily till Sun in Opera House: Dance Theater of Harlem. Next Tues: Guys and Dolls begins six-week run (202-467 4600)
● Tomorrow, Thurs, Fri, Sat, Sun in Eisenhower Theater: Romulus Hunt, new opera for families by Carly Simon and Jacob Brackman, combining the rhythms and harmonies of pop with the drama of opera to tell the story of a 12-year old learning to cope with his parents' divorce (202-467 4600). Saturday's performance is a benefit for Children of Separation and Divorce Center (410-740 9553)
● Thurs, Fri, Sat at Baltimore's Joseph Meyerhoff Symphony Hall (also tonight at George Mason University): David Zinman conducts works by Mozart and Mahler, with piano soloist Emanuel Ax (410-783 8000)
JAZZ/CABARET
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■ ZURICH

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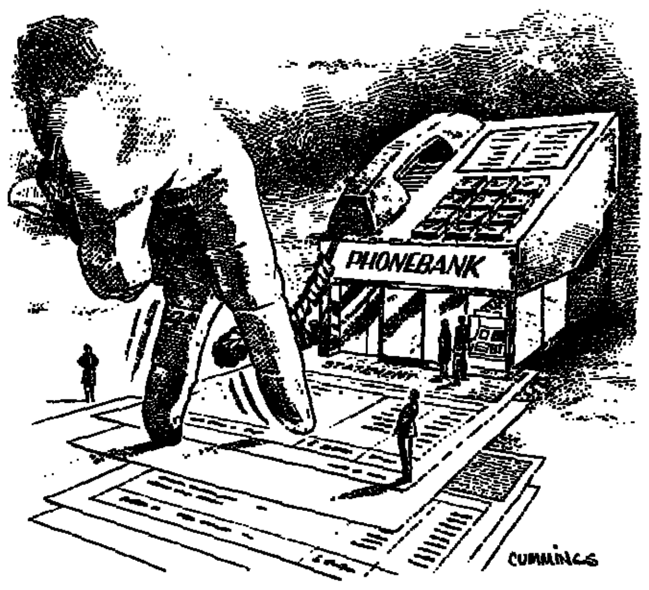
Banks dial M for money

John Gapper on the growth of telephone banking in the UK



In many ways, British banks use technology in a primitive fashion. Yet a trail of visitors to a nondescript industrial estate on the outskirts of Leeds indicates one exception. This is the sole office of a bank whose customers carry out their transactions by telephone. It is an experiment which is being watched closely by rivals.

Firstdirect is the part of Midland Bank that most excited Mr John Bond, chief executive of HSBC Holdings following its acquisition of the UK bank last summer. Three years after it was founded, other retail banks have stopped dismissing Firstdirect as too clever by half. Instead, they are defending themselves against it as it adds 12,000 to its 350,000 customers each month.

This year is likely to mark a turning point for telephone banking in a market which has relied on dense branch networks. National Westminster Bank has launched a pilot telephone bank called PrimeLine; TSB is trying out a telephone service along with branches in Newcastle-upon-Tyne; Royal Bank of Scotland is mulling a national service for its 800 branches.

Those involved enthuse about the potential for telephone banking in a country that had been thought too conservative to accept it. "It is very simple to introduce, and it is not a huge capital investment," says Mr Mike Summers of TSB. "We think it will grow dramatically through the 1990s," says Mr Larry Cattle, NatWest's head of customer relationships.

The change of mood is prompted by a decline in the use of Britain's 12,000 bank branches. On average, bank customers visited a branch only 2.2 times a month last year compared with 2.6 times in 1991, according to an NOP survey. About 2m bank customers now seek account information and carry out bank transactions by telephone or by computer.

Mr Kevin Newman, chief executive of Firstdirect, estimates that between 10 and 20 per cent of UK bank customers could switch to telephone banks. Firstdirect takes 12,000 calls in 24 hours; an average of 1.2 from each customer per month. Customers use Midland teller machines to obtain cash, but otherwise make transactions by telephone and post.

The cost savings are substantial. Firstdirect's cost to income ratio remains above banks with branch networks because it has relatively few customers. Mr Newman estimates, however, that as its customer base grows, it may get down to between 40 and 45 per cent, compared with Midland's current ratio of 68 per cent. "I don't see how branch banks will be able to compete with us," he says.

An even bigger potential strength of telephone banks is in generation of income. By careful marketing, and sifting of applications, Firstdirect has acquired a customer base of rich potential. It has proved attractive to professional employees with limited time to visit branches, and enough disposable income to buy other products such as insurance.

"They are not just yuppies. The appeal is far broader than even we expected," says Mr Newman. Some three quarters of his customers are aged between 25 and 45; most are "considerably up-market"; and 40 per cent are women. Affluent customers, he says, are less likely to stick with their old bank through inertia.

Firstdirect is thus squeezing other banks in two ways. It is taking away some of their best customers – three quarters of its customers are being acquired from outside Midland. And its low cost base means it may be able to hold out indefinitely against introducing charges on accounts in credit.

Small wonder that others are rushing to defend themselves. The most direct imitation of Firstdirect so far is NatWest's PrimeLine. As yet, this is tiny, aiming to recruit only 9,000 customers this year. But, like Firstdirect, it is aiming its service at upmarket customers; it has even gone a stage further by offering each customer a personal manager.

One advantage is that NatWest may be able to use PrimeLine to retain customers when it shuts a branch. It is expected to cut 100 branches a year during the next three years in an attempt to cut costs. "A bank with a telephone subsidiary may manage to switch over some good customers it would otherwise lose," says Mr Graham Gould, of the financial services consultant Coba-MID.

Yet most British banks are opting for a different model. Rather than having separate telephone banking subsidiaries, they are setting up support services for existing branches. That is the type of telephone banking already established in US banks such as Wells Fargo in California and which has been studied by Royal Bank of Scotland.

Smaller retail banks such as Co-operative Bank and Girobank have already set up telephone services to support small branch networks. Banks with large branch networks now face a tricky calculation. Most of them are cutting branches to trim costs, and must work out whether a telephone service will help that process, or merely add another layer of expense.

The extent to which banks can reduce costs by combining telephone services with branch networks is, however, still unclear. Both Girobank and the Co-operative Bank have high cost income ratios compared with others: the Co-op's ratio is 75 per cent. "Some people think of telephone banking as a low cost delivery channel, but often you just add another layer of costs," says Mr Gould.

For this reason, TSB has proceeded cautiously by setting up an experiment in Newcastle-upon-Tyne this month. It is using what it calls an "umbrella" 24-hour banking service to support a slimmed-down branch network. Out of 30 branches, it has closed eight, and "semi-automated" seven others by replacing staff with teller machines providing basic services.

TSB thinks this may ease the cost constraints facing telephone banking by cutting branch costs at the same time. "I think people need some bricks and mortar in their bank, but I don't think they need a lot, and certainly not as much as they used to," says Mr Summers, TSB's marketing director.

A second imponderable facing potential entrants to telephone banking is income generation. Mr Newman argues that customers are more receptive to being sold products by telephone banks because they have set time aside to ring, and are not standing in a branch queue. Firstdirect calculates that its accounts are on average worth 15 per cent more than in branch banks with similar customer profiles.

Yet it may be hard for others to repeat this. Firstdirect's customers – many of them young professionals – are of a generation happy to conduct business by telephone. It could be trickier for branch banks to persuade their older customers to switch from face-to-face contact to telephones.

Such obstacles are unlikely to stem the flow of visitors to Firstdirect. Mr Bond has sent word to HSBC subsidiaries to come and see it. "I find Firstdirect exciting. It is classic case of finding a new way of reaching customers," he says. But it is still unclear how many want to be reached this way.

Joe Rogaly

Major's secret agenda

Some of us fancy that when – if – the British government regains its balance its true nature will be revealed. We will at last perceive that the administration that was formed after the downfall of the then Mrs Margaret Thatcher in 1990 is centrist, with a tendency to dabble in the red arts of the social and interventionist left. As President George Bush moved away from the Reagan right, so Mr John Major is likely to detach himself from Thatcherism. That is the conventional wisdom among Tories of the cast of mind that was once called "wet".

It is almost certainly wrong. The prime minister's secret agenda, which is an open book, is to survive. Events will determine his policies. Each decision will be carefully weighed. Does it help the government regain its authority? Will the backbenches have it? Only proposals that produce a "yes" to both questions will pass.

Mr Major is not made of the material with which the heavens construct self-confident leaders, those who stand at the front of the column, feet astride, arm out pointing the way ahead. There is no evidence that he is an original political thinker possessed of a strong sense of direction. If he developed into a giant of that kind it would be the biggest surprise since the Americans unwrapped Mr Harry Truman and found a great president inside.

To observe as much is not to disregard the prime minister's considerable strengths. His character is by now familiar. He is decent, and nobody's fool. He is more impressive in private conclave than in public. He is dogged, sometimes recklessly stubborn; if he is not a source of popular inspiration then at least he is a man who draws inspiration from his party.

In common with several of his senior ministers – the chancellor springs to mind – he is more responsive to the advice given by civil servants than were either Lady Thatcher or some of her prominent colleagues. Like President Bill Clinton, the prime minister is a policy "wonk"; unlike the new occupant of the White House, he is a wader through options rather than a salesman of change.

This weekend Mr Major will celebrate the first anniversary of the 1992 general election, a contest in which he achieved a victory that he understandably describes as "sweet". Yet it went sour very quickly. Over the past year the Tories have been sorely divided, so much so that we have enjoyed the delights of coalition government within a system designed to provide stable, strong, stultifying, single-party administrations. The task that this ordinary chap in an extraordinary job has set himself for his second year as elected prime minister is clear. He will be the healer of wounds, the party leader who reunites the Conservatives.

The task that this ordinary chap in an extraordinary job has set himself is clear. He will unite the Conservatives

If you follow the argument so far, you may agree that what fate has in store for our anti-hero is to plonk his administration firmly down on Thatcher territory. The first act of healing will be to pump the hands and squeeze the shoulders of all but the most recalcitrant of the Maastricht rebels.

Yes, I know that the squabble isn't over yet (I'll come to the Danish referendum in a moment), but we must assume that it will be and that the prime minister will have his treaty. If he does not – if the Maastricht bill is defeated in parliament – there will be no Mr Major to discuss, except as a pensioned-off previous occupant of No 10 Downing Street.

Let us take it, therefore, that the prime minister gets to the other side of the Maastricht debate, either with his bill or, if the Danes vote "no" a second time, without it but with his job intact. In either circumstance his European policy will be to pre-empt the next intergovernmental conference of the member states of the European Community (in the case of a Danish upset) or the European Union (post-Maastricht).

In short Mr Major will seek to set the agenda for Europe. Position papers are already being prepared. As the supposedly Europhile Mr Douglas Hurd, the foreign secretary, has indicated, this is likely to reinforce the concept of the Community or European Union as a congeries of independent nation-states, although the Germans can be expected to renew their efforts to create a true federation.

Britain, which will be outside the exchange rate mechanism and nowhere near approaching an opt-in to monetary union, will be governed by a Conservative party whose leaders are united in their new-found Euro-scepticism, or, if you prefer greater precision, anti-federalism. The prime minister will be at the heart of Europe, but he may yet break Europe's heart.

Domestic policy is likewise Thatcher-led. There is apparently no limit to privatisation. The previous prime minister shrank from denationalising coal, the railways, the post office. Mr Major proposes to make plc's of them all, while contracting out to the private sector previously inalienable public-sector activities such as prison administration, tax collection and just about everything else that moves. Formerly sacrosanct vested interests – the police, prison officers, the united corps of teachers – are being challenged with the intent of facing them down.

Against all that the convening of a few meetings of businessmen and women in the office of Mr Michael Heseltine, president of the board of trade, is a mere public relations exercise. Interventionism is only real when it is accompanied by a cheque. Mr Heseltine has no account on which to draw. In short, Mr Major is not halting the Thatcher juggernaut. He is holding onto it for dear life, coat-tails flying as it gathers speed.

Much of the force comes from the Treasury. The prime minister's single most defining characteristic is that he is a Treasury apparatchik. Last year's public spending plans were completed at a time when the administration was deeply demoralised. There was no political capital to spend on deep cuts.

This year the attempt is being made once more, with the long-term spending review. Easier said than done. As the mild-mannered secretary for social security, Mr Peter Lilley, demonstrated on BBC Breakfast with Frost on Sunday, his gargantuan social budget is extremely hard to trim. Mr Lilley, like Mr Michael Portillo, the chief secretary to the Treasury, is proudly of the Tory right. The pair of them will either find ways of squeezing the welfare state, or it will be Thatcher's heirs, not Mr Major, who failed.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Channel rail link will put commuters last in line

From M H Fletcher.

Sir, In his article "Final search for the missing link: the case for the Channel tunnel rail link is persuasive, but who will fund it?" (March 31), Richard Tomkins paints the "embarrassing" picture of "high-speed international expresses from Paris and Brussels" which will find themselves having to queue "behind British Rail commuter trains" for access to London.

Can he be really serious?

Any regular user of British Rail knows that it will be the commuter that has to queue.

I feel a dose of reality therapy is required for Mr Tomkins.

Perhaps you could get him to use his journalistic talents to establish what the likely fare at today's prices for the journey on the high-speed link from the tunnel to London might be.

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Fixed exchange rates must also be adjustable

From Mr Walter Grey.

Sir, Mr Laurens van den Muyzenberg (Letters, March 30) did well to remind the sceptics among us that "almost nothing will do more to facilitate trade than fixed exchange rates". After all, no sensible person (foreign exchange dealers excepted) can want floating rates for their own sake.

If fixed exchange rates are, however, best because of the stability and discipline they help to provide, they must also be adjustable if need be, as the ERM rules (and those of the Bretton Woods system earlier) lay down. Who doubts that Black Wednesday's trauma could have been avoided by a general ERM realignment in good time?

Of course, given the same quality of economic management (and particularly the same commitment to price stability and hence sustainable, non-cyclical growth) everywhere, the results with fixed but adjustable exchange rates and those with floating ones would be the same. The question is, which system would best promote such convergence?

Walter Grey,
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A fair day's work for a fair day's pay is a textbook concept 30 years old

From Ms Gillian Stamp.

Sir, An article by Adrian Furnham ("Moving tale of a fair day's work", March 24) has been brought to my attention.

As a follow-up to his interesting article about equity in the world of work, you and he may be interested to know that a theory of equity in employment studies was first published by Elliott Jaques more than 30 years ago. I quote from Equitable Payment (1961): "There exist shared social norms of what constitutes a fair or equitable payment for any given level of work, these norms being intuitively known by each individual. The totality of these norms constitutes a pattern of equitable differential payment for differentials in level of work carried."

Jaques' research led him to the same view as Professor Furnham that "people at work need to feel fairly, equitably rewarded . . . and not everybody in a state of inequity feels it because they are underbenefited, some . . . feel it because they are over benefited."

Jaques' approach to equity went beyond reward to what he called "the work-reward-capacity nexus." His research – and my own during the last 18 years – has shown that in addition to their intuitive sense of equity in reward, people have a similar sense of equity in the level of responsibility of their work and the level they feel capable of carrying.

Further research into and application of the work-reward-capacity nexus has continued at the Brunel Institute for Organisation and Social Studies for the 25 years.

It has led to the development of "career path appreciation" – a procedure for evaluating the current and potential capacity to make those decisions at work that do not make themselves. The need arises when the facts cannot be known, because they are not available, or because there is no time to search for them. In a social and business environment of mounting uncertainty, this quality – commonly described as "judgment" – is of the essence.

Career path appreciation transcends gender, race, education and is widely used throughout the world to realise equity in the work-reward-capacity nexus.

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India will stick to environmental and relief standards for dam without World Bank loan

From Mr K V Rajan.

Sir, The report from your correspondent in New Delhi ("India to drop World Bank dam loans", March 30) gives a distorted picture about the government of India's decision not to seek further financial support from the World Bank for the Narmada project.

There has been no reluctance by the government of India or the state governments concerned to meet benchmarks regarding environment and relief, and rehabilitation (R&R) standards. Henceforth, too, with the implementation of the project through our own resources, we propose to fully adhere to the prescribed environmental and R&R standards.

Because of preoccupations of some of the states, arising out of certain developments between December 1992 and now, which are well known to everyone, progress in meeting a few benchmarks has been somewhat slower than planned; but they are in the process of being met.

The government of India is determined to complete the project as it is of vital significance for the development of several million people in the states of Gujarat, Madhya Pradesh and Maharashtra. When completed, the project will provide perennial irrigation to nearly 2m hectares, generate 1450MW of power and provide drinking water in a chronically drought-prone area.

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Relational contracts are a matter of culture

From Mr Michael Hartley-Brewer.

Sir, As a consultant on negotiation to several banks and corporations, I agree with the thrust of Professor John Kay's article on "relational contracts" ("The unwritten code of lasting business", March 29). Two points require comment.

Firstly, Prof Kay says that "UK banks were ready to discard such [relational] contracts with their customers . . . in the pursuit of a more commercial, performance-oriented transactional style of business". The banks were not the only parties pushing in the transactional direction. Many companies, particularly the larger ones, have been out bargain-hunting for financial services, playing the banks off against each other and using their buying-power to get the best deals.

It is not difficult to characterise this as cut-throat short-termism, but there is surely merit in questioning what may have become over-easy relationships.

Secondly, Prof Kay rightly points out that, while relational contracts can yield competitive advantage, "each party is exposed to the risk of opportunistic behaviour by the other". There is an implication that the risk is equal on both sides; but in many cases the relationship is far from equal. Big firms are buying from minnows, who live in constant fear that the big fish will turn out to be sharks.

Part of the problem here is the frequent mismatch between company policies and behaviour on the ground. The official corporate philosophy may be to establish mutually beneficial, long-term "win-win" relationships with suppliers. But individual buyers frequently regard this as so much flannel.

This is hardly surprising, when buyers are judged by the level of discount they achieve or by margin improvement. Nor should the big fish be surprised if the small fry seem sceptical about their real intentions.

The moral is that big companies need to work harder at achieving consistency in the messages they send within their organisations. Prof Kay is certainly right in pointing to the cultural aspects of relational contracting. I imagine he would agree that it is a matter of corporate, as well as national, culture.

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Russia after the summit

"THE WORLD cannot afford the strife of the former Yugoslavia replicated in a nation as big as Russia, spanning 11 time zones with an arsenal of nuclear weapons that is still very vast." Thus did President Clinton *explain* the importance of the subjects under discussion with President Yeltsin over the weekend. But they were no less important a year ago when actions now being contemplated by western *leaders* might have made faster reform feasible. The west chose to be timid when it should have been bold. Now it may be too late.

A legally justified anarchy obtains in Russia. Unhappily, it is likely to endure. Mr Yeltsin is likely to win a majority of those voting in the plebiscite of April 25. That would give him the moral victory, but it would not give him the unquestioned authority he needs to implement reforms, for which he must obtain a majority of those registered to vote.

The west cannot directly influence the outcome, though its moral support must help. Should Mr Yeltsin win either a decisive victory or merely a *moral one*, western assistance will be essential.

First, the West cannot offer just one kind of assistance. There will have to be humanitarian relief, *technical assistance* and project finance. But there must also be help with economic stabilisation. Without a currency worth earning, a budget that can be closed without use of the printing press, and a social safety net, assistance will largely be wasted.

Second, aid must be coordinated more effectively. The summit deci*sion to establish a G7* coordinating office in Moscow is welcome and overdue.

Third, substantial assistance will be needed to make stabilisation even conceivable. With its proposed temporary financing facility to help Russia and other former Soviet republics "facing particularly disruptive systemic shocks", the IMF seems to have recognised at last that the orthodox approach is not workable in the former Soviet Union.

Fourth, Russia will need markets. But access to western markets is in the interest of the west as well, since Russia will export in order to import. The European Community should reach generous free trade agreements with all the countries of the former Soviet Union as quickly as possible.

Finally, President *Clinton needs* to remember his own words about the security threat posed by Rus*sia. $900m of the $1.6bn he* offered is merely disguised assistance to US farm exports. Help for Russia *should be seen as an alt*ernative to western military spending. It is only in this context that assistance on the required scale could be justified without sacrificing the interests of other, arguably worthier recipients.

President Clinton has shown he is aware of the seriousness of the challenge. That is a welcome start. The G7 must now show the determination to help take Russian reform forward.

Testing times

EDUCATION IS a people business – delivering the product depends on *the willing co-operation* of the teachers. In seeking to raise the quality of education in UK schools, the government has neglected this essential truth and failed to cultivate the profession's support. The result is that progress on much-needed reforms could be stalled by the overwhelming opposition of the teachers.

The present difficulties arise from the introduction of the national curriculum and compulsory tests at seven, 11 and 14. The former has a useful role to play in setting benchmark standards for schools, especially in basic skills *and core knowledge. It* can also reduce unnecessary diversity in what is taught across the country, an *obstacle to educational* achievement for children who move home during schooling.

Compulsory testing was originally seen as a diagnostic tool, to help teachers identify underachievers. A second objective was then imposed: tests would be used to judge school performance. The first objective requires complicated tests to determine individual achievement in a range of skills. The second needs national tests so that schools can be fairly compared. The result has been complicated, national tests, requiring a complicated national curriculum to *sustain* them.

Thus the national curriculum has become hopelessly *overladen*, *reaching into almost* every minute of the school day. In some subjects, it falls into the twin traps of being insufficiently challenging for academic children, while *neglecting the basic skills others* need for the world of work. And it is far too prescriptive, insisting, for example, that every 14-year-old child read one of three named Shakespeare plays.

Teachers and their unions have been in the forefront of pointing out that the curriculum and the testing have become unwieldy. However, successive education secretaries have ignored their protests, because the unions have in the past obstructed reform. They have thus ignored legitimate objections, many shared by those who have in the past supported *the government's reforms.* This has allowed a teachers' boycott of testing to gather support that *threatens the whole programme.*

Mr John Patten, the latest education secretary, was relying on *the courts to enforce the law that* makes testing compulsory. On Friday, the High Court failed to come to his aid, ruling that the boycotts were legitimate industrial action. Mr Patten has no alternative but to talk to the teachers if he wishes to secure their goodwill to allow testing to continue.

Because the discontent has been allowed to fester, it may take more than minor concessions to achieve this. At the very least, Mr Patten must come forward with proposals to reduce the scope of the national curriculum and simplify testing if his strategic aim of clearer, higher standards and better performance among schools is not to be jeopardised.

Brave watchdog

NUMEROUS ACADEMIC studies have found either *that takeovers* fail to generate efficiency gains, or that the evidence of such gains is inconclusive. Yet Britain *has seen* successive takeover booms in which the number and value of acquisitions have risen inexorably. While there is no single explanation of this paradox, the extreme laxity of acquisition accounting is unquestionably one of the more important. So much the better, then, that the Accounting Standards Board (ASB) is now embarking on an overdue clean-up. But as ASB chairman Mr David Tweedie is well aware, the *power of the vested* interests involved in the takeover industry is such that this could prove a make or break affair for *accountancy's* promising new regulatory framework.

The laxity stems from the scope granted under existing rules to an *acquiring company* to attribute new, 'fair' values to the assets and liabilities of the acquired company. There is a *temptation, first*, to write down the value of the acquired company's stock to unrealistically low levels, then to make provisions in advance for *loosely specified* rationalisation and reorganisation costs, bad debts, repairs and sundry other items. The effect is to increase the figure of goodwill arising on acquisition, which most predators immediately write off against reserves, and to boost profits artificially in subsequent years.

Existing practice has, then, offered an open invitation to management to write its own profit *figures*. A growing market in corporate control has made the business of trading in companies seem *an easy* alternative to generating increased revenues from goods and services in a mature economy. *The* beneficiaries have been the managers of predatory companies, whose remuneration has risen to *reflect growing* assets and earnings; and bankers and brokers who have benefited from *increased market activity in the* City, two of whose leading institutions, the Bank of England and the London Stock *Exchange, are* among the ASB's ultimate paymasters. The losers have been shareholders, especially those in the acquiring companies, and the wider economy.

The ASB will come under powerful attack from those sectors of industry whose illusory profits are threatened and from the City, where real profits are at stake. It is therefore important *that the* government, the Confederation of British Industry and the ASB's own backers in the City recognise that the reforms will not distort legitimate business activity. They constitute an attempt to remove existing distortions that result from a wholly inappropriate *set of* incentives for company management. As takeover activity has increased, the economic significance of those distortions has *become* greater. The ASB deserves every support in promoting a supply-side reform whose technicality *belies its considerable* importance to the economy.

Yeltsin leaves Vancouver facing a daunting agenda. Clinton departs to plaudits. **John Lloyd** and **Jurek Martin**, below, assess the summit

Back to the task of Russia's future

After his weekend meeting with Bill Clinton in Vancouver, Boris Yeltsin is returning to Moscow secure in the knowledge that he has the American president's *unequivocal support*. Assistance for the Yeltsin reform programme has now been enshrined *in the Clinton declaration* that it is "the highest duty of all the western democracies" to *come to* Russia's aid.

Vancouver was time out, and Mr Yeltsin looked and sounded the better for it. It was a little over a day and a half of lavish hospitality, high praise and smooth Canadian organisation which the Russian delegation accepted gratefully, if a little forlornly. Now comes the more difficult part, when the weary Russian president has to take on the tricky tasks at home vital *to his political* survival.

Mr Yeltsin must first present the weekend's *summit as a victory*. That may prove more difficult than might be thought after securing a pledge of $1.6bn from the US (plus nearly another $400m pledged by Canada and Britain before Vancouver) and *the promise of a multi*billion dollar package from Group of Seven leading industrialised *nations before the end of the* month. The problem is that such aid is regarded sceptically by many Russians *and with hostility by Mr* Yeltsin's opponents. Reactions range from doubt that it will be *forthcoming to feelings of humiliation* – a sentiment which Mr Victor Chernomyrdin, Mr Yeltsin's increasingly obstructive prime minister, expressed in a pre-summit interview.

The president has been assisted in this presentational task by the cunning construction of the US package. It is, as Mr Yeltsin said on Sunday, a plan which accentuates co-operative aspects and stresses what each economy can do for the other.

However, Mr Yeltsin must keep his political balance until the April 25 referendum, which will measure popular support for his continued leadership, his economic proposals and for holding early presidential and parliamentary elections.

As Mr Clinton's aides have pointed out, the president has done little or no campaigning recently, beyond rather tense TV appearances at times of high drama. Upon his return from Vancouver, he must immediately take his case directly to the people, in the way he did so effectively nearly two years ago when he secured the presidency. He is immeasurably more tired than he *was then and may be discouraged*, but he has no choice if he is to emerge with a popular mandate.

Yeltsin must also make clear what he will consider a victory in the referendum. Under the rules *which the parliament proposed, it* will require 50 per cent of the voting public not just to turn out, but *to register assent for Yeltsin's prop*ositions, before he can claim a victory. This is highly unlikely even with the tide turning in his favour.

If the Constitutional Court does not rule this stipulation unconstitutional, then the Russian president faces a difficult choice. He must be prepared to ignore the court's decision and present a majority vote for himself as sufficient basis for a *claim of victory, or he must revert* to his original idea of holding his own vote, free of such qualifica*tions*.

In any case, the Russian people must be made fully aware of what *they are voting for, and what the* stakes are. Mr Yeltsin said on Sunday that these stakes were formida*bly high – nothing less than the* preservation and extension of freedom itself. The president will need to bring that message from Vancouver to Vladivostok, Voronezhh and Volgograd.

If he wins the referendum, Yeltsin has no choice but to capitalise upon it immediately. He must resist the temptation to disengage himself from government as he did after his *triumph over the attempted coup of* August 1991. What is needed most urgently is for Yeltsin to implement *the G7 funding package expected to* be put before him after the group's finance and foreign ministers meet *in Tokyo later this* month.

Mr Boris Fyodorov, the deputy premier in charge of the economy and finance, *said on* Sunday that "everything depends on April 25". Decisions on the control of the central bank and the bankruptcy of state enterprises await its outcome. A plan is ready, but the political support is lacking.

Victory in the referendum must also be *followed by the introduction* of a constitution which clearly defines the balance of powers between president and parliament and allows both to develop effective and complementary responsibilities. This will surely be a long process as it has been elsewhere, including the US, where there was a gap of 13 years between the signing of the Declaration of Independence and the adoption of the constitution.

Russia, however, cannot wait a decade and survive in one piece. *There must be a workable resolu*tion which will preserve the fissiparous federation and allow reason*ably effective government in the* short term.

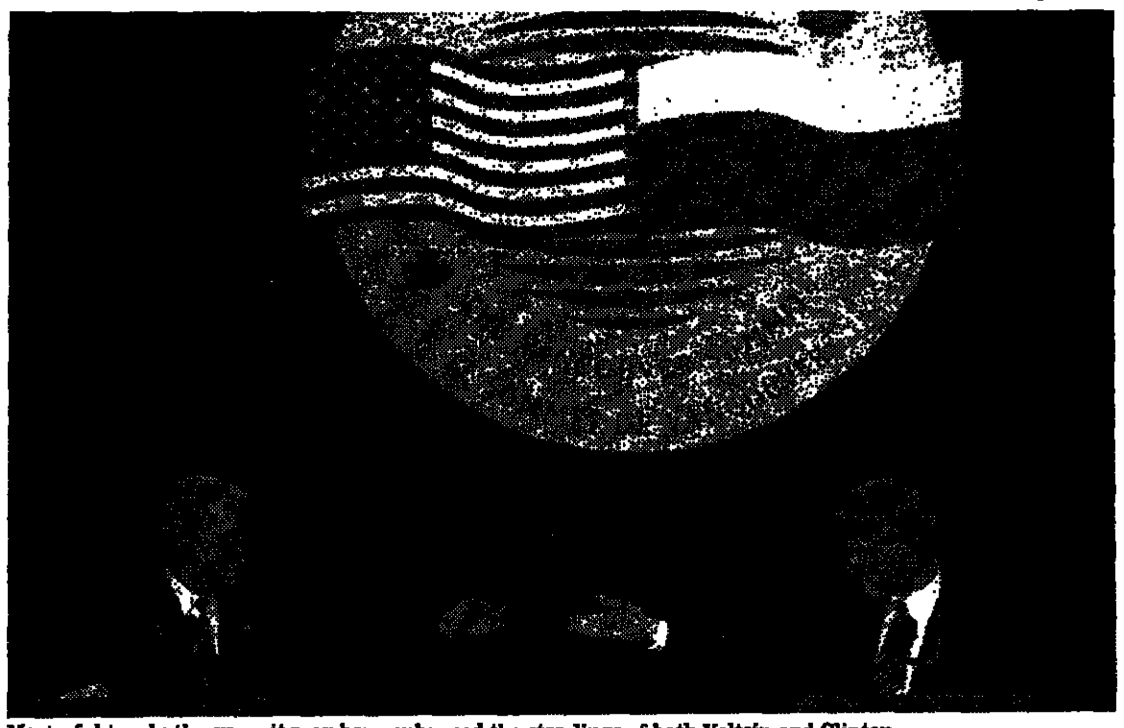
Mr Yeltsin must also define *clearly his country's relationships* with the other former Soviet states. These are currently in disarray. Russia cannot continue to advance credits to its neighbours as if they were its own regions. It must force them, in effect, to adopt their own currencies. At the same time it cannot treat them as political punchbags to be battered whenever attention needs to be diverted from the faltering Russian economy. There must be a coldly rational process of defining national interests – but one which recognises interdependence among the former Soviet republics.

The final task facing Mr Yeltsin is to provide a sense of hope to the Russian people, in whom he has placed his trust. In the past he tried and failed to provide a sense of optimism with unrealistic promises of rapid economic improvement. Instead he must use exhortation, example and openness.

"There is no alternative to me," he said in Vancouver. "There will be tomorrow, but not today."

But that will only be true if he makes himself indispensable to reform. Only if President Yeltsin nurtures the soil on which a worthy successor can grow will he be able to hand over power peacefully and with a sense of achievement.

JL



Masterful touch: the summit may have enhanced the standings of both Yeltsin and Clinton

Best US shot for Boris

Summits, like wars, have *variable shelf lives. There* is no way of predicting with certainty whether Vancouver constitutes a new dawn or a futile gesture or just a middling step along a rocky road for Russian-American relations. Mr Bill Clinton's presidency may not rise or fall on it in the longer term, but, as a first foreign exercise for a man just 10 weeks in office and supposedly innocent in the ways of the world, it was an important early test, in which he may be graded positively or negatively.

The former case, on balance now the stronger, is as follows. He contrived to present a substantial and substantive bilateral assistance package to Russia that, far from *increasing America's domestic* overdraft, inventively taps only existing resources, while holding *out to the US private sector at least* the prospect of lucrative new business. He thoroughly asserted his leadership over *the other leading* industrialised nations in the common effort to stop Russia slipping back into the hostile abyss, cajoling Japan, consulting Europe and exerting discreet pressure on the international financial institutions.

He artfully co-opted a carping Congress into the co-operative effort by persuading the bipartisan leadership of the House of Representatives to go for a personal tour of inspection to Russia. He laid the ground for his domestic salesmanship with a very well constructed pre-summit speech squarely placing Russian reform in the US vital interest.

And, on top of all this, he seems to have impressed Boris Yeltsin, both with his mastery of the complex issues on the table and with his almost feline deference to Russian sensibilities. He adopted a conciliatory stance regarding the recent collision in the Barents Sea between Russian and American submarines. He allowed the legitimacy of Russian complaints that some restrictive cold war legislation still on the US statute books ought no longer to be applied to a post-communist nation embarked, however haltingly, on the road to democratic and market-oriented *reform: and he offered, above* all, not charity but partnership.

Bill Clinton's commitment to change is clearly going to be applied overseas

Obviously, the post-cold war rules of international relationships are still sketchy. But Mr Clinton's commitment to, and fascination with, change, so evident at home, are clearly going to be applied overseas. It is inconceivable that either of his predecessors – Ronald Reagan, sticking to his lines and his core beliefs, and George Bush, revelling in the camaraderie of the international leadership club for its own sake but *faithful* to it to a fault – could have displayed such inventiveness and intellectual grasp. Yet, like them, he has secured a commitment from Moscow to co-operate as far as possible across the foreign policy board.

On this scorecard, Vancouver may be seen as a triumph. Even allowing for his preference for substance over form, he managed also to appear thoroughly presidential. This may have come as less of a surprise to those who have observed him closely over the past two months, but it certainly *impressed the legions of Russian* and foreign correspondents who descended on Vancouver. There *were many favourable contrasts* with the relative paucity of current European and Japanese leadership.

The critical case turns most of the above arguments upside down, with twists. The fundamental objec*tion is that, no matter what distinc*tions he draws between Mr Yeltsin the man and the reform process in general, Mr *Clinton is betting too* much on the Russian president.

They had seemed an unlikely pair, the southern meritocrat fascinated with policy intricacies and the Russian strongman of the thumping fists. *But if they struck a* genuine personal rapport, as they said they did, two poor boys from humble backgrounds with strong populist traits, then the loss of Mr Yeltsin might even be more grievous for the US president.

He has said, after all, that he wants to depersonalise international policies: to him Saddam Hussein of Iraq is not the villain he was to George Bush. But the American psyche, very much manifest in this thoroughly modern president, does personalise relations and Mr Clinton is proud of his ability to relate to people.

Whether he likes it or not, and almost regardless of his policies, the loss of Mr Yeltsin would, in the US perspective, hurt Mr Clinton, whereas he would get less credit for helping to "save" him. It could also undermine the credibility of his attempts to cut the US budget *deficit, in good part dependent on* taking a large bite out of defence.

He presented a package that holds out to the US private sector the prospect of new business

The second indictment is that he underestimates the intractability of Russia's economic problems. Mr Clinton is a natural born interven*tionist, but his laboratories so far* have been familiar and domestic. Talking about the need for a *responsible* Russian monetary policy is far easier than bringing the central bank to heel. The reservations, so evident in Japan, that trying to aid Russia is pouring money *down a drain have powerful adher*ents in the US.

Thirdly, all presidential protestations to the contrary, there is just the hint of financial and political legerdemain about the US assistance package, which is suddenly larger than had been expected. Switching food credits around assorted agricultural programmes may help US farm exports but it looks slick at a time when fiscal responsibility is supposed to be the domestic rule.

Holding out the promise of more from Congress, and getting it to repeal those trade restrictions Rus*sia finds objectionable, may be* easier said than done, especially when the domestic constituency for *bailing out foreigners is so weak*. The promise of many of the microprogrammes, such as student *exchanges and energy efficiency* assistance, will not be redeemed in a hurry.

The final question *is whether* Mr Clinton can keep the G7 and the International *Monetary* Fund and World Bank in line, *let alone* additionally tap the Saudi pocket. For there is this nagging problem, which he freely concedes, about the imperative of appropriate Russian policies being put in place. Without them, not only the Japanese may baulk.

The president keeps saying that only the Russians can "save" Russian democracy. But at least in Vancouver he gave it his own, very distinctive, best shot.

JM

OBSERVER

Third time lucky?

■ The search for Barclays Bank's new chief executive has only just begun, yet long-time Barclays Bank watchers sense that the real power struggle between Barclays Bank chairman Andrew Buxton and his deputy, ex-Treasury chief Sir Peter Middleton, is also in its infancy.

For an executive who has been on board less than 18 months, Sir Peter has assumed a surprisingly powerful role at Barclays. *It is not* just the prominence of his picture in the annual report – normally Barclays' chairmen are pictured solo – but the size of the share options granted to Sir Peter which catch the eye. He has more than any other executive.

The conventional wisdom is that Sir Peter's route to the top of Barclays has been blocked by chairman Andrew Buxton's decision to split the top job and hire a new chief executive. Bringing in an outsider undermines the need for a strong executive deputy chairman.

Is Sir Peter, who has just turned 59 and is five years older than Buxton, *destined to serve out* the rest of his days as a loyal number two at Barclays? Given that he was beaten to the top job in the civil service by his younger ex-colleague, Sir Robin Butler, and also missed out on the governorship of the Bank of England, it would be odd if Sir Peter didn't secretly dream of crowning his career with the chairmanship of a big London clearing bank.

After all, if Sir Nicholas Goodison and Sir Christopher Tugendhat can be given bank chairmanships, why not Sir Peter? But the clock is ticking and unless Sir Peter moves soon the prize may escape him. How he must envy his other ex-Treasury colleague, Sir David Walker, Lloyds Bank's new deputy chairman.

Sir David, 53, is a dozen years younger than his chairman, Sir *Robin Ibbs, who turns 67* this month. If Sir David keeps his head down, the chairmanship of Britain's premier bank *should soon be in* his grasp. The irony is that Sir Peter would probably be a more popular choice as a clearing bank chairman, in some quarters of the City, than Sir David.

No trouble

■ The first public outing of the new team running ITN, which supplies Britain's commercial television networks with news programmes, should have been a happier occasion than it was.

David Gordon, 51, the new chief *executive who has just jumped ship* from The Economist, acknowledged that he did not know much about television but knew a lot of people who do; ITN stalwart Stewart Purvis, 45, recently promoted to editor in chief, positively bristled when one hack asked about rumours of internal disciplinary hearings concerning expenses irregularities; and Michael Green, 45, *the UK's latest rising media* boss and ITN chairman, brushed aside a follow-up question on possible staff cuts.

"The days when you could write about 'the troubled ITN' are gone," stressed Purvis. Another over-hasty news judgment, perhaps?

'We've decided to have you put down'

Lucky for one

■ The words *of an anonymous* reviewer in the late lamented Punch magazine should have come back to haunt him. Of the 30th Dick Francis thriller, Comeback, he or she wrote: "A year without Dick Francis would be as unthinkable as a year without the Grand National".

Unthinkable? Certainly not to members of White's Club. Each year their National sweepstake includes the names of all the horses together with a race declared void ticket. This year a lucky punter won himself £9,000.

Melodious

■ If you really want to catch Lord Hanson's ear, whistle an old Nat King Cole number, or better still get him to talk about his days in the British Forces Broadcasting Service. Lord Hanson may be rather shy when it comes to giving interviews but the BFBS's Richard Astbury *had no difficulty getting* him to go on the record about his days as a forces disc jockey for tonight's Radio 2 programme "Forces Gold".

It all dates back to February 1945 when Captain James Hanson of the Duke of Wellington's regiment arrived in Athens. *Having helped* put down a communist uprising, Hanson bumped into Leslie Perowne, a radio star of that era, who asked him if he fancied spinning a few of his records on the turntable. Hanson didn't need to be asked twice and struck up a *close friendship* with Perowne.

Apart from convincing Hanson that he ought to set up his own radio station one day, Perowne taught him a few presentational tricks which have helped Hanson "enormously in business". Given that Astbury had to condense BFBS's 50-year history into 58 minutes, most of Lord Hanson's *remarks have ended up on the* cutting-room floor. Apparently, Lord H waxed quite lyrically about his friendship with *Frank Sinatra* whom he entertains at his Palm Springs hideaway.

Versus

■ If cows had three horns, Sarosh Zaiwalla would be sitting on them. Every way he turns there is the Indian government.

Zaiwalla, the Chancery Lane-based doyen of Indian solicitors in the UK, is simultaneously suing the Indian *government for unpaid fees of some* £180,000, judgment on which is expected in the London high court this week; he is representing it in an action against aircraft maker McDonnell Douglas; and he is sitting on an international arbitration panel considering a *£17m claim against, yes, the Indian* government.

Zaiwalla is promising himself a holiday to escape this legal minefield. He won't be off to New Delhi, one assumes.

Footnote

■ Why does the Queen's head and not her legs appear on British banknotes? *Because* that makes it harder to counterfeit.

FINANCIAL TIMES
Tuesday April 6 1993

Metal employers at odds on east German pay initiative

By Judy Dempsey in Berlin

A COMPROMISE aimed at averting all-out strikes in east Germany's metal and electrical sectors was thrown into doubt yesterday after disagreement between regional and national employers' associations.

The plan was drawn up at the weekend by Mr Kurt Biedenkopf, prime minister of Saxony, Mr Hasso Düvel, regional head of IG Metall, Germany's powerful engineering union, and Mr Erwin Hein, president of the Saxony regional employers' association.

It proposed that workers in the state's metal and electrical industries receive a 26 per cent pay increase this year, compared with the 9 per cent first offered by the employers.

A 26 per cent rise would bring their incomes up to 82 per cent of western German levels, as called for in a contract signed in March 1991 between the unions, the employers, and the managers of eastern German enterprises. Next April, metal and electrical workers would have had their incomes increased to 91 per cent of west German levels.

Wages in eastern Germany are currently between 65 and 70 per cent of western German levels. The 1991 agreement envisaged income parity by April 1994, but under the Saxony proposal IG Metall would have postponed this goal by nine months to January 1995, and called off warning strikes which began last week.

Saxony's metal and electrical employers will today meet to decide whether to accept the plan. But the proposal, clearly favouring IG Metall, must also be approved by Gesamtmetall, the federal metal and electrical employers' association, which rejected the deal outright.

The association said it would not accept the compromise. "We are sticking to 9 per cent. And that is that. We will not go back to the original timetable towards income parity," it said.

IG Metall officials yesterday said the agreement, mediated by Mr Biedenkopf – a leading member of the Christian Democratic Union and once tipped as a possible successor to Chancellor Helmut Kohl – could "serve as a model for the rest of eastern German states". Over half of IG Metall's 300,000 eastern members are based in Saxony.

Last month Gesamtmetall, followed last week by Arbeitgeberverband, the steel employers' association, broke the 1991 contract. They said they could not afford the wage increases because of the recession in western Germany, the deteriorating economic circumstances in the five eastern German states, and persistently low productivity levels, which are 70 per cent below western Germany.

IG Metall, anxious to boost its support in eastern Germany, put pressure on the employers through warning strikes last week. It intends to ballot its east German members for an indefinite strike in the region, and protests in the rest of Germany from April 24.

New French ministers want to reopen EC-US farm pact

By Andrew Hill in Luxembourg

MINISTERS from France's new centre-right government pledged yesterday to continue the previous administration's efforts to reopen last year's EC-US farm trade agreement, a keystone of the Uruguay Round world trade talks.

Mr Alain Juppé, France's foreign minister, told his EC colleagues that the administration still had to be convinced about the compatibility of the November deal with the reform of EC common agricultural policy agreed in May.

"This is of capital importance for us," he told fellow ministers in Luxembourg. "It's of economic, political and social importance and I would even say it's important for reasons of culture and civilisation."

He also stressed that the government would continue its predecessor's opposition to the EC-US deal on oilseeds, which is separate from the Uruguay Round.

But Mr Tristan Garel-Jones, the British Foreign Office minister, warned Mr Juppé that the French would "certainly not get anything better than the November deal".

The new government's chances of reopening the agreement are slim. Senior agriculture officials from the 12 EC members have already concluded that Community undertakings within the General Agreement on Tariffs and Trade are compatible with the CAP reforms.

But Mr Juppé said after yesterday's meeting that there was still work to be done: "We have had a partial debate on certain consequences [of the EC-US deal] but we think we haven't obtained a response to the overall question [of compatibility]".

Foreign ministers, who were discussing whether to endorse the Washington deal, agreed to give the new French administration more time to form a view on the package. The socialist government, heavily defeated in last week's elections, refused to sanction the EC-US agreement, principally on the grounds that it would jeopardise France's lucrative cereals trade.

Although Mr Juppé said the new government would maintain the firm line of the outgoing socialists, other ministers welcomed the moderate tone in which the French views were expressed – a far cry from some of the more strident pronouncements by centre-right candidates on the hustings.

French foreign minister Alain Juppé (right) with his German counterpart, Klaus Kinkel, before yesterday's talks in Luxembourg

Japanese bank chief warns on recovery

By Robert Thomson in Tokyo

THE JAPANESE economy is unlikely to recover until late this year, Mr Yasushi Mieno, governor of the Bank of Japan, told its regional branch managers yesterday. They had met in Tokyo to discuss a recent strengthening of some economic indicators and the unexpected surge in stock prices.

Mr Mieno's comments came as the central bank intervened in the Tokyo foreign exchange market to halt the yen's sudden rise, which business groups have warned may threaten economic recovery by putting extra pressure on vulnerable export industries such as the electronics and car sectors.

A continuing weakness in capital spending in manufacturing industry was reflected in a 26.2 per cent fall in orders for machine tools during February, including a 36.2 per cent year-on-year drop in orders from carmakers. The Japan Machine Tool Builders' Association said exports for the month were down 5.7 per cent.

Japanese companies are being forced to reduce capital spending as many industries are still attempting to trim excess production capacity. Pointing to this trend and to weak consumer demand, Mr Mieno said final demand was unlikely to recover until the second half of the fiscal year, which began this month.

He suggested recent optimistic reports by private sector economists were premature, as there was no certainty that a small increase in domestic car sales and industrial production would be sustainable in coming months.

The central bank's regional branch managers have apparently brought generally gloomy economic news with them to Tokyo, as private construction orders have fallen sharply, putting added importance on a government economic package to be finalised this month.

Concerned by fluctuations in the yen, the Bank of Japan intervened when the Japanese currency hit a high of Y113.30 to the dollar during trading in Tokyo yesterday – it closed at Y113.83.

Members of the ruling Liberal Democratic party have suggested that finance ministers of the Group of Seven leading industrial nations should discuss the currency markets at a meeting in Tokyo on April 14.

Fears of redundancy, Page 6

UK to boost export projects

By David Dodwell, World Trade Editor, in London

THE UK moved yesterday to encourage its exporters to work more closely together in bidding for large projects in foreign markets.

The government will aim to pinpoint "national champions" responsible for taking the lead in particular export sectors – including power, water, airports, transport and oil and gas.

The move is part of a wide-ranging effort to boost UK exports, and follows concern that contracts have been lost because UK companies have been fighting against each other rather than against foreign competitors.

North West Water and Thames Water earlier this year lost a large water utilities contract in Buenos Aires in Argentina to Générale des Eaux of France after competition between them led to neither arranging export finance in time.

France and Japan in particular are seen as having been effective in co-ordinating the efforts of local companies to win large international contracts.

Mr Richard Needham, trade minister, said yesterday he was "determined to help create a unified British approach to the challenge which the main project markets present. Companies need to work together more effectively."

The change would "provide focus and strategy and administrative structure to back winners, and stop us murdering each other to the delight of our competitors", he added. It forms part of a wider plan to boost UK earnings from large contract exports from an expected £10bn this year to £20bn by 2000.

The aim is to reorganise the Overseas Projects Board in the Department of Trade, whose job is to ensure close links between government and industry in bids for large export projects.

New sector groups headed by business people rather than government officials will pinpoint UK export strengths in the sectors concerned, identify priority export markets, seek joint ventures in infrastructure projects and look for opportunities for collaboration in developing countries, in particular as they privatise sectors of their economies.

Warning on aid to Russia

Continued from Page 1

spokesman for the Japanese government, indicated that Japan was preparing further aid measures of its own, which it intended to have ready for the G7 Tokyo meeting. A Japanese foreign ministry official told AP-Dow Jones that the size of the package would be comparable to that of the US.

For his part Mr Kohl said that "anchoring democracy, the rule of law and the market economy in Russia, and the other reform states, is a unique chance and challenge which demands the full commitment of the entire West". But he added that Germany, which would not be providing fresh money, had already "provided more than half of western aid".

Foreign ministry officials in Bonn are increasingly confident that the Clinton administration is much more committed to supporting Russia's reform process than the Bush administration.

Mercedes expands in US

Continued from Page 1

concepts," Mr Werner said.

Mercedes said it intended to manufacture the new vehicle in the US because this was the biggest single market in the world for sports utility vehicles.

However, US production will also be substantially cheaper than in Germany, where the company faces high labour costs. Mr Werner said Mercedes aimed to cut its European production costs by 30 per cent and the same should apply to its US plant.

In an effort to deflect criticism of the move by German labour unions, the company insisted that it would not have come to the US for cost reasons alone.

● Daimler said yesterday that it had also reached agreement after several years of negotiation to build buses in Russia in partnership with Avtokron, a Russian manufacturer. The buses are to be built at a plant near Moscow. Further details will be released in Mannheim on Wednesday.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	R	10	50	Frankfurt	S	11	52	Majorca	S	18	64	Oporto	C	14	57	Tenerife	F	20	68
				Brussels	R	8	46	Geneva	F	9	48	Malaga	S	18	64	Oslo	Sn	2	36	Tokyo	F	14	57
				Budapest	F	13	55	Gibraltar	S	22	72	Malta	C	17	63	Paris	R	9	48	Toronto †	S	-1	30
Ajaccio	S	16	61	Buenos Aires	R	23	73	Glasgow	R	8	46	Manila	F	33	91	Prague	C	9	48	Tunis	S	19	66
Algiers	S	21	70	Cairo	S	24	75	Helsinki	R	1	34	Melbourne	S	27	81	Reykjavik	F	8	46	Valencia	S	21	70
Amsterdam	R	8	46	Cape Town		-	-	Hong Kong	F	19	66	Mexico City		-	-	Rhodes	F	16	61	Venice	S	16	61
Athens	F	16	61	Caracas	C	32	90	Innsbruck	S	9	48	Miami †	C	19	66	Rio de Janeiro	F	34	93	Vienna	S	12	54
Bahrain	S	25	77	Casablanca †	S	18	64	Inverness	F	7	45	Milan	S	14	57	Rome	F	13	55	Warsaw	C	9	48
Bangkok	F	36	97	Chicago †	C	2	36	Islamabad	F	29	84	Montreal †	S	-2	28	Salzburg	F	10	50	Washington †	C	4	39
Barcelona	S	15	59	Cologne	F	11	52	Istanbul	S	14	57	Moscow	C	7	45	S'Francisco †	C	11	52	Zurich	S	10	50
Beijing	C	11	52	Copenhagen	C	5	41	Jakarta	R	32	90	Munich	F	9	48	Seoul	S	13	55				
Beirut	S	18	64	Corfu	R	11	52	Johannesburg		-	-	Nairobi		-	-	Singapore	F	30	86				
Belfast	C	8	46	Dallas †	C	9	48	Lisbon	C	17	63	Naples	C	12	54	Stockholm	C	2	36				
Belgrade	C	10	50	Dublin	R	10	50	London	R	12	54	Nassau	C	28	82	Strasbourg	F	13	55				
Berlin	C	10	50	Dubrovnik	R	11	52	Los Angeles †	S	13	55	New Delhi	S	30	86	Sydney		-	-				
Bermuda	F	17	63	Edinburgh	S	11	52	Luxembourg	F	9	48	New York †	S	4	39	Taipei	C	18	64				
Bombay	S	31	88	Faro	S	17	63	Madeira	F	19	66	Nice	F	14	57	Tangier	F	18	64				
Bordeaux	F	14	57	Florence	C	11	52	Madrid	S	19	66	Nicosia	S	19	66	Tel Aviv	S	22	72				

Temperatures at midday yesterday
† Noon GMT temperatures
C–Cloudy Dr–Drizzle
F–Fair Fg–Fog H–Hail
R–Rain S–Sunny
Sl–Sleet Sn–Snow
T–Thunder

THE LEX COLUMN

A polished mirror

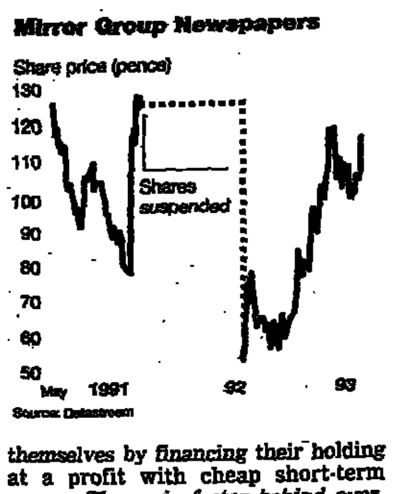
Mirror Group Newspapers' ability to generate headlines in other people's publications remains undiminished. But while its management has been loudly lambasted for its rough handling of cherished columnists, it has been quietly winning a following in the City. The stock market has scented a real recovery story beneath the drama. Since being relisted, MGN's shares have more than doubled. They rose 11 per cent after yesterday's annual results.

With operating profits up 16 per cent to £97.5m and margins widening from 18 per cent to 21 per cent, the appeal is easy to understand. A 9 per cent growth in advertising revenue this year and suspiciously large exceptional reorganisation provisions of £116m suggest there is further growth to come. The administrators doubtless hope this will help them dispose of their 54.8 per cent holding at a handsome price, possibly through a placing.

The trouble is that MGN's trading improvements may simply reflect the smack of firm management following its unfortunate distractions. Once the immediate recovery story has run its course, doubts may resurface about the group's debt, dividend and long-term direction. It will be difficult for MGN to reduce year-end borrowings of £395m, suggesting another passed dividend this year.

The task will be made all the harder by the fall in the Daily Mirror's circulation following last July's price rise. Given the current hostilities in the tabloid market, it will be difficult to recover sales.

FT-SE Index: 2838.8 (-31.1)



UK gilts

On the surface, the money supply figures had a reassuring message for the gilts market. Overseas investors bought over £1bn in gilts in February, the largest monthly total for nearly two years. Yet it would be rash to assume that buying will be sustained at this level.

February was remarkable in two ways: sterling fell to nearly DM2.30 and the gilts market was supported, particularly at the short end, by expectations of lower interest rates. The first made gilts attractive to those prepared to bet on the currency recovering from what appeared an abnormally low level. The second, which was probably a more significant influence, held out the promise of capital gain. Even investors worried about sterling falling further could hedge themselves by financing their holding at a profit with cheap short-term money. The main factor behind overseas purchases appears to have been such hedged buying by Japanese and US investors.

On neither ground is the market so attractive now. Sterling has recovered, limiting the room for further currency profits. Talk of base rate cuts has faded. In the six months since sterling left the ERM, overseas investors have made net gilt purchases of only £600m, despite a 1.6 percentage point fall in 10-year yields. On the other hand, the political crisis in Italy and high real UK yields compared with those in Germany are now sparking some interest from the continent. And yesterday's other monetary data – promising moderate recovery without significant inflationary pressure – should help underpin prices.

Morgan Crucible

Morgan Crucible will find the brave new accounting world a hostile place. Yesterday's £61.3m pre-tax profit was struck after £18.6m fair value provisions against acquisitions. If the Accounting Standards Board gets its way, such costs will in future be charged against profits. Having already restated 1991 profits downwards in accordance with FRS3, Morgan may have to break out the red ink once again. Yet its predilection for acquisition accounting comes as no surprise. Yesterday's 11 per cent fall in the shares reflects deeper concerns.

The expiry of its self-imposed moratorium on rights issues prompts the question of how Morgan will fund itself. The £55m cash outflow last year suggests internal resources will provide, at best, a partial solution. Even allowing for the effect of exchange rates on the company's dollar debt, 67 per cent gearing leaves little leeway for borrowing. The sale of Holt Lloyd and other businesses might yield £60m this year. The suspicion remains that the market will be asked to put up additional capital before long.

That will be difficult to justify while operating margins are being squeezed. Exposure to continental Europe and the automotive industries suggest a tough 1993, even though sterling's devaluation and Morgan's position as a low-cost producer will help offset these pressures. But without any organic earnings growth beneath the accounting mulch, shareholders should feel under no obligation to dig deep on the company's behalf.

Continental/Pirelli

Pirelli has come out of its Continental adventure rather better than it deserved. It will not be paid for its Continental shares until December, so the time value of money means the effective price is less than the DM250 it claims. But it has still obtained a hefty premium over yesterday's DM204 Continental closing price. That and the devaluation of the lira will produce a L140bn capital gain this year, although that is also not quite what it seems. The gain only arises because Pirelli wrote the holding down to a book value below DM200 a share. Since it originally paid over DM300, it has lost money overall.

More baffling is the willingness of German institutions to buy Pirelli out at such an exorbitant price. The triumphalism of the finance minister of Lower Saxony suggests political pressures for a German solution were paramount. Nord/LB will finance its part of the rescue by issuing a bond convertible into Continental shares. But Continental paid no dividend for 1991, which raises questions about how it will cover the 6 per cent interest cost.

Much of the deal remains obscure, in stark contrast to the more open corporate culture heralded by Daimler-Benz's New York listing. Pirelli's effort to grab control of Continental provided Germany with an incentive to introduce full shareholder democracy with the parallel safeguard of a takeover code. It is a pity that Deutsche Bank, which should have the best interests of the country's financial system at heart, orchestrated such an old-fashioned solution.

FINANCIAL TIMES
COMPANIES & MARKETS

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INSIDE

Miroglio to take stake in GFT

GFT, the loss-making Italian clothing and textiles group, has agreed to sell a "significant" stake to Miroglio, its slightly smaller counterpart, via a capital increase. It is expected that Miroglio will buy a majority stake in Turin-based GFT, subject to detailed consideration of its trading position. GFT, owned by the Rivetti family, is Italy's third biggest clothing group after Benetton and Marzotto, with sales of about L1,500bn ($940m). Page 18

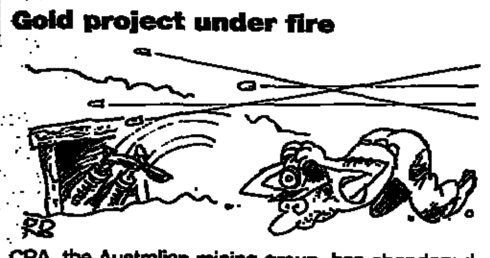
Morgan Crucible shares fall 11%

Morgan Crucible's share price fell more than 11 per cent to 289p after the materials technology group released results for the year to December 1992 which led analysts to reappraise the group's repeated use of acquisition provisions. Page 23

Agreement boosts Nikkei

Reports that Japan's ruling Liberal Democratic Party had reached agreement over the size of the supplementary budget at the weekend boosted activity, and the Nikkei average closed at a new high for the year in heavy volume. It rose by 312.52, or 1.6 per cent, to 19,759.46. Back Page

Gold project under fire



CRA, the Australian mining group, has abandoned plans to produce gold in the Mount Kare region of Papua New Guinea. The withdrawal follows three weeks after CRA evacuated Mount Kare, claiming that staff were being threatened by rival gangs of armed landowners. Page 26

New broom at NYMEX

Mr Daniel Rappaport is the new chairman of the world's fourth-largest futures exchange, the New York Merc (NYMEX), and wants to keep a low profile in his new job. "You will notice I have a different management style," he said. "I think the exchange should be run most appropriately by staff." Page 26

Dasa faces a slowdown

Deutsche Aerospace (Dasa) has two tough years ahead as restructuring drags the company into the red, warns Mr Jurgen Schrempp, chairman of the German aerospace company. After eight consecutive years of strong growth, Dasa has been hit by the slump in civil aviation, defence cuts and now the slowdown in the German economy. Page 19

Budget changes

The Financial Times will implement with effect from April 5 the Budget reduction in the income tax rate applied to dividends to 20 per cent from 25 per cent. This will affect gross dividend yields shown for individual companies in the London Share Service, and those calculated for the FT-SE Actuaries UK Share Indices and the FT-Actuaries World Indices.

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Mercedes Hld	574.5	+	84
Rheinelektra	980	+	20
Falls			
Aachen Mch	835	-	25
Daimler-Benz	595	-	15.5
Holzmann Ph	1035	-	19
Porsche	518	-	15
NEW YORK ($)			
Rises			
Bristol Myers	57¾	+	⅜
Georgia Pacific	60⅜	+	1¼
Weyerhaeuser	41⅞	+	2¾
Falls			
Home Shopping	7¼	-	½
RJR Holdings	6⅜	-	⅛
Walmart	30⅜	-	¾
New York prices at 12.30pm			
PARIS (FFr)			
Rises			
Gaumont (Soc N)	580	+	13
Roussel-Uclaf	586	+	14
Union Immob Fr	534	+	15
Falls			
Cred Lyon (CI)	617	-	22
Fonc Lyonnaise	680	-	15
Peugeot	548	-	16
TOKYO (Yen)			
Rises			
Cosmo Secs	705	+	100
Dai-Ichi Secs	679	+	100
Intec	1780	+	240
Kokusai Secs	1850	+	300
Okasan Secs	722	+	103
Tobishima	624	+	85
LONDON (Pence)			
Rises			
Atlas Conv	713	+	23
Aukett Assoc	19½	+	4
Breedon	88	+	6
Hawtal Whit	41	+	4
Magnolia	74	+	5
Mirror Grp	115	+	11
Waverley Min	17½	+	3½
Wellcome	705	+	13
Falls			
BAT Inds	885	-	42½
BM Grp	18	-	3
Body Shop	213	-	8
Brit Aero	271	-	10
Brit Air	275	-	20
Dalgety	452	-	14
Forte	179	-	5
ISA	101	-	7
Ladbroke	172	-	4
Manganese Bro	97	-	7
Morgan Cru	289	-	38
Quality Soft	468	-	15
Resort Hotels	38	-	4
Rothmans	636	-	21
Stanley Leis	193	-	10
Tiphook	360	-	19

Pirelli agrees to sell Continental holding

By Haig Simonian in Milan and David Waller in Frankfurt

PIRELLI, the Italian tyres and cables group, yesterday ended a long corporate takeover struggle by agreeing to sell its holding in Continental, its bigger German rival, to Deutsche Bank.

The bank will retain 5 per cent of the total stake of 33.4 per cent in Continental that is changing hands, taking its holding to 10 per cent. Most of the rest of the balance will go to government and business interests in Continental's home state of Lower Saxony.

Norddeutsche Landesbank, the public-sector bank, will take 5 per cent, while 5 per cent will go to Preussen Elektra, a private-sector electricity generating group. Two local insurance companies will buy 2.5 per cent each, while the remaining 13.25 per cent will be placed with German banks and institutional investors.

"We are extremely pleased with this transaction," said Continental, which has suffered considerable uncertainty since Pirelli's initial takeover attempt in September 1990.

Pirelli, forced into a radical restructuring partly by the losses on its aborted bid, will post a L140bn ($87.8m) extraordinary profit on the deal. It is unclear whether that will be enough to return the group to profit this year.

The complex transaction, covering more than 2.9m shares, envisages the sale by Pirelli to Deutsche Bank of 5 per cent of Continental held by its Amsterdam-based Pirelli Tyre Holding subsidiary.

Pirelli will also exercise options to buy 28 per cent of Continental's shares owned by various Italian investors and held by Mediobanca, the Milan merchant bank.

Options on a further 5 per cent of Continental's shares will be bought back from Pirelli by Mediobanca.

Mediobanca's motives for repurchasing the options are not clear. A Pirelli executive denied the holding might be the basis for a future attempt at developing industrial links between the two tyre companies. However, Mr Hubertus von Grüberg, Continental's chief executive, said in Hanover yesterday that the transaction could facilitate future co-operation. Last year, Pirelli used its stake to block Continental's plans for a big rights issue.

Deutsche Bank is buying the shares for DM250 each, a substantial premium on yesterday's stock market price of DM204. However, Pirelli will not receive the proceeds, nor exercise its options, until December 30.

Pirelli will also gain from the fall of about 30 per cent in the value of the lira against the D-Mark since buying its shares and options in Continental.

Invesco MIM's new team at the top inherit an old strategy, reports **Norma Cohen**

Fund manager's global ambitions persist

The architect has gone, but the blueprint has survived his departure. Though Lord Stevens, who built up Invesco MIM, the London-based fund management company, left last year, Mr Charles Brady, the American who succeeded him, harbours the same global ambitions.

When MIM Britannia, chaired by Lord Stevens, acquired the US fund management businesses of Invesco in 1986, the plan was to create a worldwide investment group. Even before Invesco MIM became bogged down in a series of controversies that led to Lord Stevens's departure, the dream was already fraying at the edges.

The figures tell their own story. In 1986, just after the takeover of Invesco, the combined company had £6.4bn ($9.7bn) under management in the UK and roughly £10bn under management elsewhere. At the end of 1992, the US business held funds under management of £32.6bn, the UK funds had shrunk to £4.3bn and Europe and Japan accounted for just over £1.3bn each.

Gross profits from the US operations were £32.9m while the European and Pacific operations had profits of only £2.6m before exceptional write-offs of £10.1m for the year.

"Invesco MIM is really a US fund management company with a bit of European business around the edges," says Mr Philip Gibbs, securities analyst at Barclays de Zoete Wedd.

Mr Brady, who last week assumed the title of executive chairman, says the group hopes to put its past troubles behind it and go on to build the international organisation it had always hoped to be.

Among the company's first priorities, he says, is restoring the confidence of the UK pension fund consultants who guide the bulk of institutional business into the hands of fund managers.

That will take time. A clutch of problems remain fresh in UK memories:

● **Investment performance.** Invesco MIM's three-year investment returns – the figure which fund managers most rely on to sell their services – are hampered by poor performance in 1990 when it used a "black box" technique to select stocks using a US-style active quantitative approach. The approach, imported wholesale from the US, had been insufficiently tested in the UK, consultants says.

● **Regulatory problems.** In autumn 1991 Imro, the UK self-regulatory body for the fund management industry, fined Invesco MIM £75,000 for administrative problems with its PEP products. Imro has the firm under investigation for its role in the handling of transactions from the Mirror Group Pension Scheme, whose trustees have also filed a writ seeking return of over £11m handled by Invesco MIM.

● **Bad publicity.** Recently, Invesco MIM lost the management of one of its largest investment trusts, Drayton Asia, in a well-publicised fight over several months. Last year it had to pay £9.5m to investors in Drayton Consolidated, another of the investment trusts it managed, after it emerged that it had breached the trust's own ceiling on the concentration of funds in a single investment. The firm's reputation has also been hurt by revelations of its investments in companies of which Lord Stevens was a director.

Mr Brady says he has moved swiftly, selling off those investments linked to Lord Stevens and withdrawing from businesses with a high risk profile. That is why, he says, Invesco is closing down its venture capital division which has roughly £600m under management. Talks about a possible management buy-out are under way.

Mr Norman Riddell, newly appointed chief executive of Invesco's European operations, says the firm's image is already improving. Several pension funds have selected it to participate in "beauty parades" at which fund managers are selected, he says.

But pension consultants are less upbeat about Invesco's prospects. "We haven't been directing clients to them. There's no point," says a partner at one of the large actuarial consulting firms. "We'd have too much explaining to do."

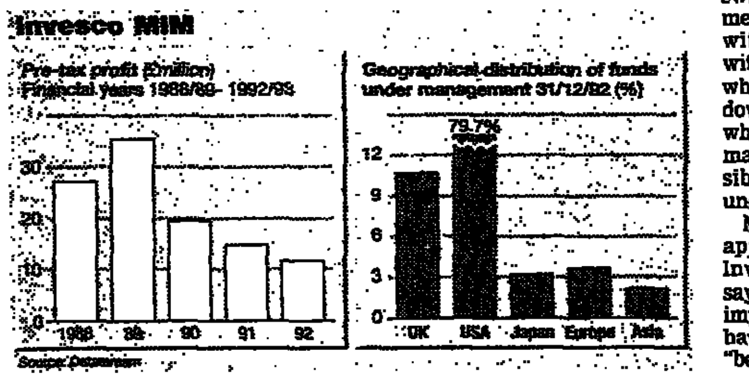
While Invesco MIM's performance in 1991 and 1992 has been above average, it has not been sufficiently spectacular to overcome clients' concerns, he says.

Mr Gibbs says that even if Invesco MIM is nothing more than a US-based company its shares, at 104p, still represent good value. It would be well advised to seek a US listing, he argues, to reflect its true status.

Mr Brady has grander ambitions. The company's UK-based retail operations are not up for sale, he says, in spite of industry speculation. And he is not interested in parting from any of the geographical regions in which Invesco now operates, no matter how marginal the current profitability of those activities.

In short, Lord Stevens's vision of a global fund management company still stands.

Invesco MIM



Colin Beere

Charles Brady: group hopes to put its past troubles behind it

Lufthansa in link talks with American

By Paul Betts, Aerospace Correspondent, Nikki Tait in New York and David Waller in Frankfurt

LUFTHANSA of Germany is in advanced partnership talks with American Airlines, one of the "big three" US carriers.

The negotiations reflect the German carrier's continuing efforts for a strategic link with a large US carrier to boost its position on the transatlantic airline market.

Lufthansa, which derives about 30 per cent of its annual revenue from its North Atlantic routes, has faced particularly fierce competition across the Atlantic following the acquisition of Pan American's European services, which incorporate a Frankfurt hub, by Atlanta-based Delta Air Lines.

Lufthansa said it was in talks with a number of US carriers, including American Airlines although in the light of its financial difficulties it was unlikely to take a share stake in any airline.

American acknowledged that "at any time, we're talking to any number of foreign carriers" about partnership arrangements, and said that such discussions had been stepped up in the wake of the approval for the British Airways-USAir code-sharing deal.

However, the US carrier stressed that talks were centred on joint marketing and code-sharing arrangements, and were not likely to involve an equity investment.

Lufthansa has stepped up its search for a US partner following British Airways' $300m investment in USAir and Air France's co-operation agreement with Air Canada which, in turn, links the French carrier to Continental Airlines of the US.

Lufthansa is also reacting to merger talks between Swissair, KLM Royal Dutch Airlines, Scandinavian Airlines System and Austrian Airlines. Already, KLM has a stake in Northwest, of the US, while Delta and Swissair have cross-equity links.

Lufthansa held talks with both American Airlines and USAir about two years ago. But these talks were aborted as the German flag-carrier concentrated on its own internal restructuring which has included widespread job cuts to return the company to profit.

More recently, Lufthansa considered investing in Continental Airlines before aborting the talks last October.

Reliance to sell life subsidiary for $550m to GE Capital

By Nikki Tait in New York

RELIANCE GROUP, the insurance group controlled and headed by Mr Saul Steinberg, is selling its life insurance subsidiary, United Pacific Life Insurance, to GE Capital for approximately $550m.

UPL has around $6.2bn in assets, $680m in annual revenues, and its main business is the writing and marketing of annuity products, through financial institutions and insurance agents. Reliance revealed last week that it had put the business up for sale, in an attempt to bolster its capital base.

At that stage, Reliance said it had two potential buyers offering to pay in excess of $500m, adding that one of these purchasers – offering the lower amount – had begun litigation over the sale proceedings. Yesterday, Reliance said the legal action was being terminated.

GE Capital is the large financial services arm of General Electric Company of the US, with assets exceeding $92bn.

GE Capital said it had recently acquired GNA Corporation, which specialises in tax-deferred annuities. "The combination of UPL and GNA will mean that we have an organisation with unparalleled marketing capabilities and more than $12bn in assets," it said.

The sale to GE Capital – which will need regulatory approval – came as Reliance disclosed a $35.6m loss after tax in the 1992, compared with a $148.2m deficit in 1991. This partly reflects a $100m write-off on the sale of UPL, offset to $40m by the gain on the earlier sale of the Frank B. Hall insurance broking business.

Reliance said that its continuing operations – mainly property-casualty insurance interests – made a loss of $43.2m, while the "discontinued" life business made a profit of $57.3m.

Reliance said that results from continuing operations were below expectations because of the record catastrophe losses, combined with weak pricing in many commercial lines.

Chief executive leaves FT

By Raymond Snoddy in London

MR DAVID Palmer, chief executive of the Financial Times since 1990, has left the paper.

Pearson, the publishing, banking and industrial group which owns the FT, said yesterday Mr Palmer was "leaving the Pearson Group with immediate effect because of differences in management style". Mr Palmer, 52, has been replaced by Mr David Bell, currently advertisement and marketing director.

Neither Lord Blakenham, Pearson's chairman, nor Mr Frank Barlow, managing director, would comment further.

Mr Palmer thanked FT staff for their "hard work, friendship and camaraderie over the past 29 years". He said his successor would bring "vision, drive, competitiveness and warmth" to the management of the paper.

The signs were yesterday that behind Mr Palmer's abrupt departure lay an accumulation of differences over many months rather than any single large policy issue. It is believed that Mr Palmer's relationship with Mr Barlow had become increasingly tense. There was said to be a growing view that Mr Palmer was not working effectively as a member of a management team.

As long ago as 1978 Lord Drogheda, a former FT managing director, wrote of Mr Palmer in his memoirs: "He can go as far as his defiant nature permits him." Mr Bell has a reputation for a more diplomatic approach.

Mr Richard Lambert, the Financial Times editor, emphasised the change at the top of the FT had nothing to do with matters of editorial policy.

Mr Palmer joined the paper in 1964 as a reporter, moving up the ranks to become deputy editor and then general manager.

"David Palmer's flair and determination has played a large part in making the FT a leader in its chosen field," Mr Lambert said yesterday.

Colleagues emphasised three achievements:

● As news editor Mr Palmer broadened the paper's coverage away from its narrow City origins.

● In 1977 he played a key role in the move to overseas printing which turned the FT into an increasingly international newspaper.

● As general manager Mr Palmer handled the introduction of new technology and the paper's new printing plant in London's Docklands.

Mr Bell, 46, also started at the FT as a journalist, joining from the Oxford Mail in 1972. He had been due to replace Mr Richard McClean, the deputy chief executive, who is leaving to be chief executive of the International Herald Tribune in Paris, but now takes the top job.

Mr Barlow becomes chairman of the Financial Times in succession to Lord Blakenham.

Miroglio poised to take majority stake in GFT

By Haig Simonian in Milan

GFT, the lossmaking Italian clothing and textiles group, has agreed to sell a "significant" stake to Miroglio, its slightly smaller counterpart, via a capital increase.

No financial details of the deal, to be concluded by June 30, have been revealed. However, it is expected that Miroglio, based in Alba, will buy a majority stake in Turin-based GFT, subject to detailed consideration of its trading position.

GFT, owned by the Rivetti family, is Italy's third-biggest clothing group after Benetton and Marzotto, with annual sales of about L1,500bn ($940m). The privately-owned and publicity-shy Miroglio, owned by the family of the same name, has annual sales of about L1,200bn.

Miroglio has been seen as the most likely investor in GFT, which has plunged into substantial losses owing to rising costs and falling demand for many of the expensive designer label clothes it produces. In contrast, Miroglio has concentrated on cheaper lines, many of which are produced outside Italy.

● Sasib, the precision engineering and railway signalling equipment group controlled by Mr Carlo De Benedetti's Cir holding company, posted a sharp fall in net profits to L41.6bn last year from L73.2bn.

The company attributed the decline to lower extraordinary earnings, recession and restructuring costs at some recent acquisitions.

The rapid growth of Sasib, which raised sales by 12.9 per cent to L865bn last year, has come partly though the purchase and turn-around of lossmaking operations. Adjusted for acquisitions, sales rose by 11 per cent.

The profits slump triggered a L50 cut in the dividend to L180 for ordinary and preferred shares and L200 for savings stock.

Sales and earnings on the railway signalling side improved substantially, but the group's food processing equipment activities had mixed fortunes.

MB-Caradon profits ahead 18% at £125.7m on lower interest costs

By Angus Foster in London

MB-CARADON, the UK building products and security printing company, yesterday announced an 18 per cent profits increase helped by lower interest costs and improved US productivity.

Pre-tax profits increased to £125.7m ($178.49m), from £106.4m, in the year to December 31, on turnover 2 per cent lower at £664.4m. At the interim stage, profits were 28 per cent higher at £60.6m.

Following last week's sale of its 25.3 per cent stake in CarnaudMetalbox for £473m, Caradon has net cash of £428m and is looking for acquisitions. Mr Peter Jansen, chief executive, said the company would favour buying a UK or German-based building products company: "We want to broaden our base." The company's UK building products division, which includes Everest double glazing and Mira showers, saw operating profits fall 27 per cent to £35.2m because of squeezed margins and teething problems at the company's upgraded radiator factories.

Mr Jansen said there were signs of improvement in the UK, and Everest's first-quarter sales were up 30 per cent compared to the weak start last year.

In the US, security printing lifted operating profits 23 per cent to £39m due to improved efficiencies. Overseas building products, which mainly covers European radiator manufacturing, reported a 26 per cent increase in operating profits due to improved volumes. Sales to Germany, the company's most important market, remained buoyant but the company is cautious about this year.

Interest costs fell from £20m to £5.1m after the proceeds of the £149m rights issue in November 1991 reduced borrowings. Year-end net borrowings stood at £44.9m compared with £40.6 a year ago, and £202m at the start of 1991.

The contribution from the CMB stake increased 19 per cent to £37.7m. The year-end book value of the stake increased to £363.1m.

The directors recommended a final dividend of 5.9p to make a total of 8.65p, a 2.6 per cent increase.

Sales rise at Deutsche Babcock

DEUTSCHE Babcock, the German machinery and plant engineering group, said group sales in the first half of the fiscal year which began October 1 were 18 per cent higher than those of a year earlier, AP-DJ reports from Bonn.

The rise to DM3.1bn ($1.86bn) represents a slowing from the 22 per cent sales gain to DM2.5bn reported for the first five months of this fiscal year.

Mr Heyo Schmiedeknecht, chairman, said order inflows in the fiscal first half were DM5bn, 55 per cent higher than those of a year before. Last month, the company had reported a 47 per cent increase in five-month orders to DM3.8bn. Adjusted to exclude newly-acquired units, he said orders rose 32 per cent.

Order backlogs at March 31 were DM9.4bn, 29 per cent higher than a year before. Adjusted to exclude acquisitions, the gain in order backlogs was 5 per cent.

Growth puts Rinascente under the spotlight

Fiat-controlled Italian retailer is a possible acquisition target, reports **Haig Simonian**

IMPROVED earnings and sales from La Rinascente, Italy's biggest retailer, could increase its appeal to potential acquirers.

In spite of the deepening recession, sales last year grew by 9.7 per cent to L5,040bn ($3.16bn), while earnings for the Fiat-controlled group rose marginally to L102.2bn against L100.9bn in 1991.

The improved profits, coming in spite of higher taxes, were accompanied by a L10-a-share dividend increase. Meanwhile, labour costs, a traditional weakness, rose only marginally due to lower wage rises and improved productivity.

Though Rinascente's return on sales remains poor, the figures underline the view of Mr Giuseppe Tramontana, managing director, that the group represents "the key" to Italian retailing.

That role has pushed Rinascente into the spotlight since comments by Mr Giovanni Agnelli, Fiat's chairman, that Rinascente is not a core business. With Fiat facing plunging profits and heavy spending, the retailer is believed to be for sale. Fiat owns 51 per cent of the ordinary shares, with the remainder listed.

The list of potential buyers should be long. Italy is one of western Europe's least developed retailing markets, with a excess of tiny, family-run shops and a dearth of the big department stores or out-of-town shopping centres familiar elsewhere.

There are 82 people for each traditional small retail outlet, compared with 153 in France and 250 in the UK. In 1991, Italy had only 48 department stores and 124 hypermarkets nationwide, against 320 and 940 respectively in France and 340 and 610 respectively in the UK.

Change is under way. Around 5,500 small food stores have been closing a year since 1988. Recently, the shrinkage has accelerated and affected the non-food sector.

Mr Tramontana estimates between 20,000 and 25,000 small retailers went out of business last year. Meanwhile, the number of supermarkets has surged.

However, Mr Tramontana denies that negotiations are under way to sell Rinascente. For many analysts, the obstacle is Fiat's demand for too high a price.

Whatever the truth, Rinascente's appeal has grown thanks to its investments in new stores, which have depressed earnings but also made it a more attractive long-term prospect.

Annual investments have been running at almost L300bn in the past four years. In 1992, spending rose to L420bn, although L130bn came from a sale-and-leaseback arrangement at one new shopping centre.

In all, the group plans to invest L2,000bn in the 1992-96 period.

Most of the money has gone into hypermarkets, which now total 18, and the SMA supermarkets subsidiary, which has grown to 119 units.

Almost 60 new speciality stores for home furnishings, do-it-yourself and consumer electronics have also been developed.

Turnover from hypermarkets surged 122 per cent in the period 1988-91; supermarket sales increased by 113 per cent; while sales at the do-it-yourself and home furnishing chains went up by 200 per cent and 104 per cent respectively.

New openings have been combined with remodelling and closures at Rinascente's troubled Upim variety store chain.

Modelled on the mid-to-lower segment all-purpose US stores of the 1950s, Upim failed to move with the times. Although often in prime sites, the chain of 157 directly-controlled outlets and 362 franchises has suffered from inadequate investment, leading to a tatty look and out-of-date image.

Last year, 15 Upims were converted for other uses, while a further 21 were shut for conversion into franchise operations.

"We don't think the process is finished, with up to 20 more stores still to be changed in the next two years. But we think the remaining outlets can contribute well, especially at a time of economic difficulties, when this style of store can be popular with consumers," says Mr Tramontana.

Although restructuring and investment should make Rinascente a more attractive acquisition, some bankers question the conventional wisdom that it is just waiting to be plucked off the tree.

Many say Rinascente's range of activities is too broad. Some purchasers might want the hypermarkets and supermarkets, but could be put off by the flagship La Rinascente department stores, which might appeal to a different buyer. And finding a taker for Upim, even after restructuring, may not be easy.

Mr Tramontana denies that a break-up is the solution. "It's not a business which can be divided, as all the pieces are interconnected," he says. "No one else is present in so many sectors. With retailing in Italy in ferment, any buyer will want to be present across the board."

That shrinks the list of possible acquirers to Europe's biggest retailers. Alternatively, Rinascente could appeal to a financial institution, either alone or in consortium, which would take it over pending an eventual sale or flotation, he thinks.

In spite of rumours of behind-the-scenes talks, there are no clues as to a change of ownership.

One of the market's favourite scenarios – a takeover by Mr Silvio Berlusconi's Standa group – is scotched by Mr Tramontana, who says that negotiations have never been held.

Even the big French or German retailers, who have often been portrayed as the most likely buyers, have so far been cautious in Italy.

Germany's Tengelmann bought a Tuscan supermarket chain in the late 1980s, but has done little since; France's Carrefour entered the Italian hypermarket scene enthusiastically, pulled out, and is now edging back.

None seem over-enthusiastic about taking over Rinascente, making recent speculation in its shares, which have climbed by about 40 per cent since Mr Agnelli's hints last June, hard to justify.

Mirror Group loses £84m

By Roland Rudd in London

RESTRUCTURING costs at Mirror Group Newspapers were responsible for a pre-tax loss of £84m ($119.28m) in the year ended December 27. This compares with a pre-tax profit of £47.3m last time.

But operating profits rose 16 per cent to £97.5m from £83.7m on turnover of £466.1m against £459.9m. The shares rose 11p to close at 115p.

Mr David Montgomery, chief executive, while reaffirming the Daily Mirror's support for the Labour party, attacked what he called the paper's "cosy culture" between management, employees and unions.

Costs were reduced by tackling "overmanning", reducing part-time casual staff and reorganising the group's resources.

Profits before exceptional items fell from £47.3m to £32.5m, after £17.9m was charged towards refunding the deficit in the group's pension scheme. There was an exceptional charge of £116.5m to meet re-organisation costs.

These included the rationalisation of the print operations (£46m), including the closure of three presses; 600 job cuts, half of which have already been announced (£16m); and costs associated with move to a new print site in Glasgow (£54m).

In addition, MGN has provided £6.4m mainly in respect of continuing costs relating to the pension fund.

Mr Montgomery acknowledged there had been "a period of traumatic change" in promoting "a new corporate culture", although he denied industrial relations at MGN were a problem.

He said those who had left the paper had been unable to embrace the new "entrepreneurial, enthusiastic spirit".

MGN is renegotiating the lease on its Holborn headquarters but may decide to move to another site. The group's gross debt, including finance leases, was reduced by £56m to £395m.

A loss per share of 19.7p compares with earnings per share of 9.5p. There is no dividend, compared with an 0.8p interim payout last time.

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Upbeat Nokia expects further German orders

NOKIA, the Finnish telecommunications group, expects further orders once a new DCS 1800 cellular phone network expands in Germany, Reuter reports from Helsinki.

Mr Jorma Ollila, president and chief executive, said: "We believe the order may bring significant orders in the future." The company will begin discussions of further orders within the next few months.

Nokia said it had won an order worth more than DM150m ($90m) to deliver phones and infrastructure for the first phase of a new, Germany-wide personal communications network to E-Plus, a German digital cellular operator.

● Hugo Boss, the menswear group, said it expected 1993 net profit to be lower than the previous year, Reuter reports from Metzingen.

"We will certainly not reach the record result from 1992." Mr Peter Littman, the management board chairman, said yesterday.

Boss net profit rose to DM44.2m ($26.6m) in 1992 from DM35.4 m a year earlier.

● Adidas, the German sports goods group, has confirmed it made a loss of DM149m ($89.7m) in 1992 after a profit of DM15m the year before, Reuter reports from Herzogenaurach.

Embraer follows industry trend with $258m loss

By Bill Hinchberger in Sao Paulo

EMBRAER, the state-owned Brazilian aircraft maker, reflected the continuing trouble in the world aerospace industry by posting a $258m loss in 1992. In 1991, the group lost $235m.

Sales were $312m last year, down from $402m in 1991 and $582m in 1990.

The company blamed the poor figures on the recession in Brazil and the US, Embraer's most important market. It also cited reduced government spending on military aircraft due to cuts in the Brazilian air force budget.

It laid off 2,468 last year, bringing the two year redundancy total to 6,800, a 54 per cent cut in the workforce.

Embraer's best-known product is the EMB-120 Brasilia, a 30-seat regional aircraft. It accounts for about half of Embraer's sales, but last year sales fell to just 22 units, down from 31 in 1991 and 48 in 1990.

In a speech to employees earlier this year, Mr Ozires Silva, Embraer president, was optimistic about prospects for 1993.

He said he was encouraged by increased demand for aircraft in South America and the possibility of increasing revenues from providing services to other companies. He predicted that between 2 and 3 per cent of sales might come from the services segment this year.

Embraer is on the government's short-list for privatisation, but before the move can go ahead the company must resolve an issue involving a group of creditors who hold debentures convertible into non-voting stock.

If all of the debentures were converted, the government's majority voting share could be reduced to as little as 3 per cent of total equity.

● Copesul, a Brazilian petrochemical company privatised last May, unveiled an increase in profits to $42.5m for 1992. The supplier of raw materials for one of Brazil's three petrochemical hubs, it earned $30m in 1991.

Amexco suit against Mastercard

AMERICAN Express has filed a countersuit against MasterCard International in New York, alleging false advertising of business credit cards and unfair competition, Reuter reports from New York.

MasterCard previously sued American Express over an American Express Corporate Card advertising campaign.

American Express maintained that the MasterCard suit had no merit.

Deutsche Aerospace pares its business to the core

Dasa is embarking on a period of consolidation as the industry contracts, **writes Paul Betts**

DEUTSCHE Aerospace faces two tough years as extensive and costly restructuring drags the company into the red, warns Mr Jurgen Schrempp, chairman of the new champion of the German aerospace industry.

The subsidiary of Daimler-Benz was set up by Germany's leading industrial group four years ago as part of an ambitious plan to restructure and revive the country's aerospace sector.

The company absorbed disparate components of the German aerospace industry, launched a series of ambitious international partnerships and sought control of the Dutch Fokker aircraft group.

But it has been hit by the prolonged slump in civil aviation, defence cuts and now the slowdown in the German economy after eight consecutive years of strong growth.

Dasa is now pausing for breath and is about to enter a phase of consolidation. "I don't think at this stage we will be looking for further acquisitions: rather, I envisage one or two areas of disinvestment," says Mr Schrempp.

The immediate challenge will be to reduce the workforce by around 10 per cent, involving up to 8,000 job cuts over the next two years.

The job losses, which will essentially involve the company's military operations, risk being even higher, especially if Dasa's participation in the four-nation Eurofighter programme remains compromised by the political uncertainty surrounding Germany's commitment to the project.

Although the company will show an operating profit when it reports its 1992 figures on April 14, Mr Schrempp said heavy restructuring provisions would result in an overall loss compared with a DM50m profit in 1991.

He now intends to refocus activities on commercial aircraft, aero-engines, helicopters, defence and space. After streamlining the management structure and cutting down corporate staff from 700 to 300 people in the past three years, Mr Schrempp wants to dispose of non-core businesses to allow management to concentrate on aerospace activities.

Despite short-term difficulties, he insists Daimler-Benz remains committed to aerospace. "There is a great debate in Germany about Daimler-Benz's move into aerospace, but I'm convinced the strategy is right," he says.

By 1995, he expects Dasa to start making a meaningful contribution to Daimler-Benz profits. "Dasa also brings to Daimler-Benz the ability and technology of systems integrations, experience in working in international alliances, and helps balance the risks between the group's car and aerospace activities," he argues.

Dasa's strategy also hinges on playing an increasingly significant role in the new international partnerships being forged in civil and military aerospace.

Mr Schrempp was the architect of the recent agreement between the four European Airbus partners to co-operate with Boeing of the US on a joint study of a new generation super-jumbo aircraft, capable of seating up to 800 passengers. He would like this co-operation extended to other US manufacturers, as well as Russian and Japanese companies.

Jurgen Schrempp: restructuring costs will lead to loss for 1992

After successfully merging Dasa's helicopter activities with those of Aerospatiale of France, Mr Schrempp says there are advanced talks on integrating more closely the German and French guided weapons industry and perhaps, at some later stage, attracting UK companies.

He expects to finalise Dasa's acquisition of a majority stake in Fokker shortly. In turn, Fokker could become the focus of a broader European alliance in the regional aircraft market, with the Franco-Italian ATR regional aircraft group eventually teaming up with the new Dasa-Fokker partnership.

On the aero-engine front, Dasa has forged a partnership with Pratt & Whitney, the US manufacturer, which is expected to include cross-shareholding links between Pratt and MTU, the German company's aircraft engine subsidiary. Dasa would also like to establish ties with BMW Rolls-Royce, the recent joint aero-engine venture formed between the UK company and the German car group.

Mr Schrempp believes Germany cannot afford to have two aero-engine companies competing in a fierce market. But talks between Dasa and BMW Rolls-Royce have been unsuccessful. "We've had discussions, but their ideas and ours don't fit," he explains.

Although the European Airbus consortium, in which Dasa holds a 37.9 per cent stake, produced more than DM400m ($240.90m) profits for the German company last year, Mr Schrempp concedes the airliner market is in turmoil. Dasa has had to scale back its Airbus production and put about 23,000 people on short time due to the lower workload.

However, Airbus, like the investment in Fokker, remains a cornerstone in Dasa's aerospace strategy. The roll-out earlier this month at Hamburg of the Airbus A321, the consortium's new 180-seat, larger derivative of its A320 twin-engine airliner, was particularly important for Dasa. Up to now, final assembly of all Airbus aircraft was in France. "With the A321 we were able to prove it can also be done efficiently in Germany," Mr Schrempp says.

But his biggest headache remains the Eurofighter. Germany's revolving-door attitude to the project continues to cast dark clouds over Dasa's role in the programme. Germany and the three other partners (Britain, Italy and Spain) still have to agree details of the revised terms and timetable of the venture.

In the meantime, Dasa is having to continue honouring its obligations under the existing Eurofighter contract when German government funds are becoming inadequate to cover its commitments in the development programme. "We still don't know what the future holds," says Mr Schrempp. "I hope meetings will take place soon to resolve this situation."

Ironically, a German exit from Eurofighter would probably have a positive impact on Dasa's short-term financial position, Mr Schrempp claims.

"But that's not a consideration. I'm personally convinced we need the aircraft and the damage would be great for us and Germany if we are not part of the programme," he insists.

Not only would it be a significant technological blow for Dasa, with huge repercussions on employment, it would also have broader implications for Germany's and Dasa's international standing.

"If we are labelled an unreliable partner, it will seriously undermine our ability to work in international collaborations." And that is the rapidly-growing trend in the aerospace business.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 06.04.93: Pool purchase price £/MWh	Final Prices for Trading on 03.03.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.04	18.31	18.31
0100	18.09	27.53	29.96
0130	18.31	29.07	31.55
0200	24.41	29.07	31.48
0230	38.15	22.68	24.80
0300	38.15	22.66	24.81
0330	38.15	22.66	24.81
0400	27.18	18.19	18.19
0430	19.00	18.11	18.11
0500	18.14	18.11	18.11
0530	18.15	18.10	18.10
0600	18.15	18.10	18.10
0630	18.61	18.10	18.10
0700	25.02	22.97	25.19
0730	25.02	23.23	25.48
0800	26.67	23.09	25.31
0830	25.60	24.13	26.39
0900	29.60	24.45	26.72
0930	36.67	24.47	26.74
1000	26.67	24.47	26.75
1030	26.67	24.47	26.75
1100	26.67	24.47	26.75
1130	27.38	24.48	26.77
1200	27.38	24.49	28.78
1230	27.38	24.49	26.77
1300	27.38	24.46	26.75
1330	25.58	24.44	26.72
1400	25.07	24.43	26.71
1430	25.07	19.43	19.43
1500	25.46	23.29	25.52
1530	25.46	19.11	19.11
1600	25.46	23.26	25.51
1630	29.13	23.36	25.60
1700	29.60	24.59	26.89
1730	29.60	28.27	30.68
1800	29.12	28.31	30.73
1830	25.07	24.75	27.05
1900	24.62	28.78	31.16
1930	18.61	28.70	31.07
2000	18.61	24.50	26.71
2030	36.69	24.45	26.63
2100	36.69	23.29	25.46
2130	36.69	23.23	25.41
2200	28.29	23.23	25.42
2230	24.50	23.23	25.43
2300	24.50	18.64	18.64
2330	18.61	18.10	18.10
2400	18.14	17.84	17.64

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday

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LEGAL NOTICES

Advertisement of creditors' meeting under Section 48(2) Insolvency Act 1986

Registered in England and Wales
Company No. 1309293
J McCarthy Public Works Contractors Limited

NOTICE IS HEREBY GIVEN pursuant to Section 48(2) Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at the offices of: Coopers & Lybrand, Orchard House, 10 Albion House, *Maidstone, Kent* ME14 5DZ on 13 April 1993 at 10.30am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) They have delivered to us at the address shown above, no later than noon on 8 April 1993, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 Insolvency Rules 1986; and

(b) There has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Signed: N J Vaughan
Joint Administrative Receiver
Dated: 31 March 1993

PUBLISHED NOTICE OF CREDI[TORS] MEETING

JOHN MANSON LIMITE[D]
JOHN MANSON (BUTCHERS) L[IMITED]
JOHN MASON GROUP LIMI[TED]
JOHN MANSON (HOLDINGS) L[IMITED]
(All In Liquidation)

NOTICE IS HEREBY GIVEN, p[ursuant to] Section 98 of the Insolvency Act 1[986 that a] MEETING of the CREDITORS of [the above] named companies will be held a[t Melrose] House, 42 Dingwall Road, Croydo[n, Surrey] CR0 2NE on Tuesday 13 April 1993 a[t …] for the purposes mentioned in Section [99, 100 and 101] of the said Act. A list of the n[ames and] addresses of the companies' credit[ors may be] inspected free of charge at Melrose [House, 42] Dingwall Road, Croydon, Surrey [CR0 2NE] between 10.00am and 5.00pm on T[…] April 1993.

Creditors wishing to vote at the me[eting] (unless they are individual creditors a[ttending in] person) lodge their proxies at the offi[ces of …] Gully at Melrose House, 42 Ding[wall Road,] Croydon, Surrey CR0 2NE no later th[an …] on Thursday 8 April 1993. Please n[ote the] original proxy signed by or on be[half of the] creditor must be lodged at th[e address] mentioned; photocopies (including fa[xed copies)] are not acceptable.

Unless there are exceptional circ[umstances] creditors will not be entitled to vote u[nless their] proofs have been lodged and admitte[d for voting] purposes. A proof may be lodged by [sending] a written statement of claim clearly [showing] the name and address of the credit[or and the] amount claimed. Whilst proofs may [be lodged] at any time before voting commence[s creditors] intending to vote at the meeting are e[ncouraged to] send them with their proxies. U[nless they] surrender their security, secured cre[ditors must] give particulars of their security and [the amount] they wish to vote at the meeting.

DATED this 31st day of March 1993
BY ORDER OF THE BOARD

Largest Coke bottler to buy Dutch operations

By Nikki Tait in New York

COCA-COLA Enterprises, the largest bottler of Coke and 44 per cent-owed by Coca-Cola itself, yesterday announced three acquisitions for a total of $360m.

The moves will further consolidate bottling operations for the Atlanta-based soft drinks company.

One of the businesses being acquired by CCE is Coca-Cola Beverages Nederland, a wholly-owned subsidiary of Coca-Cola, and the bottler of its products in the Netherlands.

This purchase take CCE's interests outside the US for the first time.

In 1992, CCB Nederland sold the equivalent of about 82m unit cases, producing revenues of some $320m. It accounts for about 40 per cent of fizzy soft drink volume in the Netherlands.

CCE, despite the substantial Coca-Cola stake, is a public company and quoted separately on the New York Stock Exchange.

It expanded significantly when it merged with Johnston Coca-Cola in 1991, and now distributes about 53 per cent of Coca-Cola's US bottle and can volume.

The other two companies which CCE is acquiring are domestic – Roddy Coca-Cola Bottling and Coca-Cola Bottling of Johnson City, Tennessee.

These businesses hold the licences for the Knoxville and Johnson City, Tennessee, areas, which in turn serve more than 1m consumers.

Last year, the equivalent unit case volume reached around 18m, and produced revenues of about $86m.

Goodyear forecasts improved first quarter profits of $83m

By Nikki Tait

GOODYEAR, the Ohio-based tyre manufacturer, yesterday forecast that its first-quarter profits after tax would be in the range of $83m to $86m.

This would represent a significant improvement on the $66.1m (before extraordinary items) seen in the same period of 1992, and the $90.1m loss reported in the first three months of 1991.

Mr Stanley Gault, chairman, told shareholders at Goodyear's annual meeting, that sales in the first three months of 1993 would show an advance of about 2 per cent on the same quarter of 1992, when the restated figure was $2.68m.

Goodyear shares were down $½ at $74¼ yesterday morning.

● The meeting also voted to approve an increase in Goodyear's authorised common stock to 300m shares from 150m, Reuter reports.

The company had announced previously plans for a two-for-one stock split, which will be effected in the form of a 100 per cent stock dividend to shareholders.

Goodyear has reduced its debt load to some $1.95bn from $3.62bn in 1990, much of it coming through the sale of assets.

Mr Gault said that the company's big asset sales were now behind it.

He added that Goodyear's Celeron unit, which owns its All American crude oil pipeline system, became profitable in the fourth quarter of 1992. The unit lost $52m in both 1990 and 1991.

It reduced that to a $15m loss for all of 1992. But Mr Gault said that Goodyear planned to sell Celeron eventually.

Shareholders in Marriott file suit

A GROUP of preferred shareholders of Marriott, the hotels and management services group, has filed a suit against the company and its management, Reuter reports from Washington.

The group says a reorganisation would take away "the vast bulk of Marriott's income-producing assets".

That, the plaintiffs said, would leave them with virtually all of the depressed property assets and the bulk of its large interest expense.

Womenswear maker seeks protection from creditors

By Nikki Tait

LESLIE Fay, the US womenswear manufacturer which has been bedevilled by news of accounting irregularities recently, has filed for protection from its creditors under Chapter 11 of the US bankruptcy code.

Making the filing, Leslie Fay said that disclosure of the irregularities – which had boosted profits by inflating stocks and reducing the cost of goods sold – prompted its banks to "severely limit the company's working capital facility, in both amount and duration".

As a result, the company would not be able to obtain the necessary "piece goods" from its suppliers for the autumn season.

However, in conjunction with the Chapter 11 filing, Leslie Fay is securing a new $100m "debtor-in-possession" loan facility from Citibank.

It says it will be able "to continue the flow of merchandise to its customers without delay or interruption".

Digital decides to leave its historic Mill home

By Louise Kehoe in San Francisco

DIGITAL Equipment is leaving its historic headquarters at The Mill, in Maynard, Massachusetts.

The move reflects the drastic changes that are under way within the company as it streamlines operations and struggles to regain competitiveness.

"This was a very difficult decision for the company to make," said Mr Robert Palmer, president and chief executive of Digital, who last year succeeded Mr Ken Olsen, Digital's founder.

"This site holds a very special place in our history. As the location where the company first planted its roots, The Mill has acted as a strong symbol for Digital," he said.

Built in 1847 as a woollen mill, Digital's headquarters building dominates the small New England town of Maynard. It is a warren of stairs and wooden-floored offices, full of character and tradition, but lacking the efficiency of a modern office block.

"The spacious, idiosyncratic Mill was a home that suited a growing engineering company," Mr Irving Burg, property manager of The Mill, recalls in a company history. "The challenge of negotiating the byways of connecting floors and buildings still satisfies the 'Mill rats'," the name Digital gives to Mill employees.

Digital will keep its headquarters in Maynard, but many employees will be transferred to other sites, primarily in eastern Massachusetts.

Digital said it would work with local officials on plans for The Mill complex.

● Companhia Cervejaria Brahma, Brazil's leading brewery and beverage company, posted a consolidated profit of about $63m in 1992, down slightly from $73.1m in 1991, writes Bill Hinchberger in Sao Paulo.

Bank Austria veils transparency

By Ian Rodger in Zurich

TRANSPARENCY is all the rage among big Austrian companies these days as they try to increase their appeal to international investors.

But the idea of disseminating information in a fair and orderly way is not one that comes easily to the clannish Viennese.

Consider the misadventures of Bank Austria, the country's largest bank, in the past few days.

Yesterday, the bank, which has already applied for a listing on the London Stock Exchange, announced that it was launching an American Depository Receipt (ADR) programme, a move likely to encourage US investor interest in the bank's shares.

The news was distributed to journalists in the morning with a request not to publish it until noon, presumably so that European investors would not have an edge over American ones.

However, an advertisement sponsored by JP Morgan, the bank's US depositary, had already revealed the story in the morning's European financial newspapers.

In any event, the real news from Bank Austria yesterday emerged from an impromptu press conference in Vienna given by the bank's chairman, Mr Rene Alfons Haiden.

The bank's dividend for 1992 would be cut from 14 per cent to 12 per cent, Mr Haiden disclosed. That news should not have been published until April 22, when the bank, which is the product of a merger between Zentralsparkasse and Oesterreichische Länderbank in 1991, is to reveal its 1992 financial results.

Perhaps Mr Haiden, a Zentralsparkasse man, was trying to re-establish his competitive standing as a bank spokesman. Last Thursday, Mr Gerhard Randa, the deputy chairman and a former Länderbank man, lifted the veil on another aspect of the bank's 1992 results, telling Reuters news agencythat the operating profit was roughly unchanged at Sch3.3bn ($295m).

Mr Randa, who still maintains his office and staff in a different building from that occupied by Mr Haiden, also expounded on the bank's plans to take full control of Wiener Holding, the sprawling conglomerate of industries and services held by the city of Vienna. Some Sch2.1bn worth of new Bank Austria equity would be issued to the city in return for the stake, he revealed.

Surprisingly, these informal disclosures have had virtually no impact on the price of Bank Austria shares – which suggests that market insiders in Vienna already knew what was coming.

Canadian miner files for court protection

By Bernard Simon in Toronto

CURRAGH, the Canadian lead and zinc producer, yesterday filed for court protection from its creditors after failing to overcome a succession of financial and operating setbacks.

Mr Clifford Frame, chairman, said the move was "forced on us by our lack of liquidity". He said he was optimistic that Curragh would emerge from court supervision as a "healthy and successful" company.

Although Curragh plans to continue operations, it announced late last week that weak metal prices had forced it to suspend production for two months at its principal mine, the Faro lead and zinc property in the Yukon. The Sa Dena Hes mine, also in the Yukon, in which Curragh has an 88 per cent stake, has been mothballed for three months.

Curragh's problems have been compounded by the closure of its Westray coal mine in Nova Scotia since an explosion there last May killed 26 miners.

The explosion has been the subject of intense media and political scrutiny. The police are expected to announce within the next few weeks whether legal action will be taken against the mine management.

A writedown of the Westray assets contributed C$16.6m (US$13.1m) to Curragh's 1992 loss of C$54.3m. Losses in 1991 totalled C$98.3m.

The future of both the Yukon and Nova Scotia operations is clouded by their dependence on government funding. Other mining companies strongly criticised the financial help given to Curragh in the mid-1980s which enabled it to reopen the Faro mine. Faro was owned by the debt-ridden Canadian energy group, Dome Petroleum.

Curragh is negotiating a C$34m loan guarantee from the Yukon authorities to enable it to develop a new open pit on the Faro property. It has also been seeking an injection of equity.

As part of its efforts to raise cash, it sold a minority stake last year in Asturiana de Zinc, the Spanish metals producer.

Curragh said it expected the two Yukon mines to produce 432,000 tonnes of lead and zinc concentrates this year, against a forecast 704,000 tonnes.

Ontario ends interest in Suncor

By Bernard Simon

THE PROVINCE of Ontario has ended a controversial and costly 12-year foray into the energy industry by unloading its remaining 14 per cent stake in Suncor, a large Canadian oil and gas producer.

Ontario Energy Corporation, a provincial agency, yesterday sold its 7.6m Suncor shares to two securities firms, RBC Dominion Securities and ScotiaMcLeod, at C$25.25 (US$20) per share. Total proceeds are about C$190m.

The shares are being re-sold to institutional and retail investors.

Suncor's controlling shareholder is Sun Co, the Pennsylvania-based energy producer, with a 67.6 per cent stake.

Ontario's involvement with Suncor dates back to the energy crisis of the late 1970s and early 1980s, when the province paid about C$650m for a 25 per cent stake.

As a net consumer of oil and gas, Ontario was eager to have a window on the production side of the business centred in western Canada.

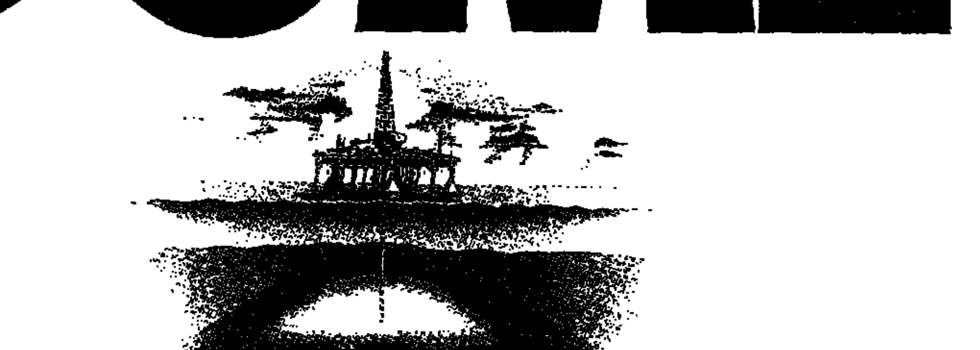
But the subsequent fall in oil prices, coupled with mediocre management, have badly dented the value of Ontario's investment.

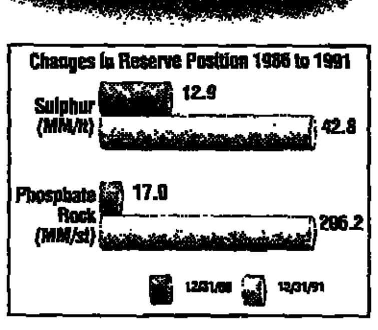
Suncor suffered a C$228m loss last year, largely as the result of a C$360m restructuring charge.

The province's eagerness to realise whatever value it can from Suncor has been compounded by a yawning budget deficit.

Ontario last year cut its stake in Suncor from 25 per cent to 14 per cent as part of the wider effort to contain the budget shortfall by selling assets.

Suncor is an integrated company, with businesses ranging from a tar-sands oil recovery plant in Alberta to a chain of filling stations.





INTERNATIONAL COMPANIES AND FINANCE

Oki Electric production to be cut as demand falls

By Michiyo Nakamoto in Tokyo

OKI Electric, the Japanese telecommunications and data processing company, is closing a plant in Tokyo and reducing activities at two other plants.

The decision to close the plants, which manufacture control and information communication equipment and semiconductors, follows a severe downturn in capital investment by Japanese companies.

Oki has been hit by a fall in orders for information communication systems from financial companies and a downturn in semiconductor demand.

The company is forecasting a fall in sales to Y560bn ($4.7bn) in the year to the end of March 1993, down from a previous forecast of Y585bn.

It is also predicting pre-tax losses of Y39bn, against its earlier forecast of Y1.28bn profits.

It expects to cut capital spending to Y47.7bn in the year to March and to Y20bn in fiscal 1994, compared with Y68.4bn in the year to March 1992.

Oki has been restructuring its businesses, cutting recruitment from 1,000 last year to just over 400 this year and about 100 next.

It hopes to reduce its workforce by 2,000 by 1995.

● Kenwood, the Japanese audio manufacturer, revised down its forecast net result by Y7.5bn for the year to March 1993 and now expects to report an after-tax losses of Y5.5bn, compared with a previous forecast of Y2bn profit.

The expected deficit comes after an extraordinary deficit comprising currency losses incurred through the sale of shares in a US subsidiary, writing off losses from selling securities, and unrecoverable loans made to a struggling financial subsidiary.

The company expects to report a pre-tax profits of Y4bn, down from Y6.1bn the year before.

Tough times for Sanyo as electronics loses its spark

Michiyo Nakamoto reports on the man charged with piloting a company which has posted a Y1.2bn pre-tax loss

THERE is a sense of urgency in the tone of Mr Yasuaki Takano, president of Sanyo Electric, as he outlines the challenges facing the Japanese electronics company.

"We must all make sacrifices to overcome the current difficulties, otherwise the Japanese consumer electronics industry will be shattered," he warns.

As the newly-installed president of a diversified consumer electronics company which recently reported a Y1.29bn ($10.66m) pre-tax annual loss, Mr Takano is well aware of the magnitude of the problems the industry faces.

Although there is some talk that the Japanese economy is showing signs of recovery, "the future is still very uncertain," Mr Takano says.

For Sanyo, that uncertainty looms large.

Sales have already fallen by 10 per cent in the first two months of this year. The company is expecting flat revenues in the current year, "but even achieving that is going to be tough," Mr Takano says.

Sanyo is dependent for nearly 30 per cent of its revenues on audio-visual equipment, a market that has been one of the hardest hit by the downturn in consumer spending. It has also been slow to rationalise and reduce costs at a time when the long-term growth trend of the Japanese consumer electronics market is expected to slow.

The urgency of the company's problems is reflected in Mr Takano's sudden appointment as president in December. He replaced Mr Satoshi Iue, son of the company's founder, and was given the specific task of overseeing Sanyo's restructuring and rationalisation programmes. Mr Iue became chairman and chief executive in charge of global operations.

The new president has an unenviable task. In a country where companies have pursued market-share rather than profits, and where compulsory redundancies are socially unacceptable, Sanyo's rationalisation and restructuring will require a shake-up of ingrained attitudes and business practices.

"We are still very soft on ourselves," Mr Takano says. The situation, he believes, is worse than people realise.

Mr Takano says the recession stems in large part from changes in consumer attitudes in Japan and a number of external pressures which will take several years for the industry to deal with.

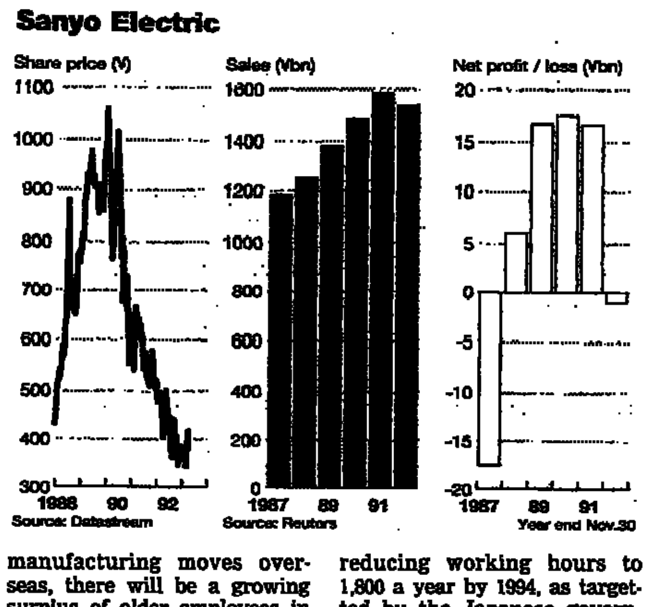
In the past, even when there was a huge drop in consumer demand, there were still many consumer durables that people wanted, Mr Takano explains. Most households had only a small refrigerator, maybe one air conditioner and at most a 20-inch television set. So, coming out of recession, there was always demand for larger refrigerators and TVs and more air conditioners.

This time, however, the industry is seeing very weak consumer spending, even though people still have substantial disposable income. "That is because there is little they want to buy and that means this recession is not going to be over soon."

At the same time, Japanese companies will be forced to change the way they operate. One factor forcing change is the need to transfer manufacturing abroad because of the yen's continuing appreciation.

Sanyo has been shifting manufacturing of its mature products overseas. About 90 per cent of its tape recorders, for example, are now manufactured outside Japan.

Mr Takano is worried that as



manufacturing moves overseas, there will be a growing surplus of older employees in Japan. Since compulsory redundancy is difficult, companies will have to find ways of employing these people while reducing their workforces. Sanyo plans to reduce its staff of 30,600 to about 27,000 by 1995.

Mr Takano sees higher social costs becoming a growing burden on Japanese companies. These include the cost of reducing working hours to 1,800 a year by 1994, as targetted by the Japanese government, and meeting stricter product liability rules and environmental issues. "From now on, these costs will have to be included in a company's budget," he says.

But this is not the end of Mr Takano's list of difficulties facing Sanyo.

Sanyo has introduced a decentralised management system with separate profit centres, aimed at raising profitability. "From now on we have to focus on profits rather than sales," Mr Takano says.

The company is trying to shift operations to value-added products. Instead of making everything itself, Sanyo will buy in more manufactured items, particularly commodity products and those in which it has lagged other companies, such as camcorders and office equipment.

It is focusing on areas where it is ahead of its competitors, such as nickel cadmium batteries which are used in portable goods, clean energy products, compressors, home appliances and cordless phones.

But in case these moves prove insufficient, Sanyo has also been diversifying into services ranging from doughnut shops, golf driving ranges and karaoke bars, to property and computer software.

However, all these measures will not produce results in a short time, although in the longer term Mr Takano believes the company's future is bright.

"The consumer electronics industry is such a major one that it is not going to disappear," he says.

Japanese groups join Motorola venture

By Alan Cane

A GROUP of 20 Japanese companies have agreed to work with Motorola of the US to build a $3.37bn global satellite communications system.

The companies include Sony, Mitsubishi, Kyocera and DDI, a long-distance telecommunications carrier in which Sony and Kyocera have a stake.

The system, to be called Iridium, is designed to support a cellular telephone network capable of being accessed from anywhere in the world. It would offer voice, data, facsimile and positional services.

Motorola has been attempting for more than two years to assemble an international consortium to own and operate the Iridium network.

The government of Brazil and United Communications of Thailand are reported to have signed letters of intent to take a stake in the consortium.

There are regulatory hurdles still to be cleared, however, and Motorola is in competition with five other US-based proposed systems, including Constellation Communications, Ellipsat, Loral Qualcomm and American Mobile Satellite.

Turkish state lifts stake in bank

By John Murray Brown in Istanbul

THE Turkish government has increased its stake in Turkiye Işbankasi, the country's second-largest bank, to 40 per cent.

In a controversial move, the Turkish treasury last week acquired a 27 per cent stake in Turkiye Işbankasi which originally belonged to the opposition Peoples Republican Party (CHP).

The bank is one of Turkey's best-managed, and Mr Unal Korukcu, its managing director, is considered one of the country's best bankers. It recently reported pre-tax profits of TL1,100bn ($117m).

The CHP's holding was once owned by Mustafa Kemal Ataturk, Turkey's founder, and passed to the party in his will.

At Turkiye Işbankasi's annual meeting, however, it was decided the CHP was entitled to only 1.92 per cent of the shares. The party says it will challenge this in the courts.

Until the 1960 military coup and subsequent ban on political parties, the bank was controlled by the CHP. After the coup the party's stake was represented by the presidential secretariat, which until last week had three seats on the bank's board.

Before the treasury's latest move, Turkiye Işbankasi was an anomaly among Turkish banks in being state-owned but not state-controlled. Apart from the CHP, the bank's pension fund owned 39 per cent of its shares, the treasury 13 per cent and 19 per cent was traded on Istanbul's exchange.

The dispute over the CHP's holding arose after a recent decision by Mr Suleyman Demirel, prime minister, to lift the ban on political parties banned by the generals. The revived CHP, in an attempt to raise funds, tried to establish title to its former assets.

The treasury's move, which paved the way for it to appoint six members of the bank's 11-man board, underscores the political rivalry between Turkey's coalition government and the CHP over control of Turkiye Işbankasi.

Many businessmen were surprised by the treasury's move, given the government's policy of privatisation of state assets.

According to brokers, the bank's pension fund, hitherto a dormant board member, may buy Turkiye Işbankasi shares in the market to regain its position as largest shareholder.

Tax bill holds KBB earnings rise to Fl 87.2m

By Ronald van de Krol in Amsterdam

A SHARPLY higher tax bill limited the increase in 1992-93 net profit at KBB, the Netherlands' largest non-food retailer, to 2.4 per cent.

The company, primarily active in the Netherlands but also owner of the US toy chain FAO Schwarz, said net profit before extraordinary items rose to Fl 87.2m ($48.4m), from Fl 85.1m a year earlier.

Including extraordinary items, net profit rose 26.6 per cent because the previous year's figures were depressed by a Fl 16.2m charge to reorganise Hema, one of KBB's Dutch store chains.

Pre-tax operating profit rose by 9.2 per cent to Fl 150.1m.

Disposals help Fermenta reduce losses to SKr115m

By Christopher Brown-Humes in Stockholm

FERMENTA, the Swedish pharmaceuticals group, reaped the benefits of a large-scale disposal programme when it announced sharply-reduced losses for 1992 yesterday.

The group also said it was selling its remaining property activities for SKr396m ($51.4m), which leaves it with just two main divisions, Fermenta Animal Health and Fermenta Pharmaceuticals.

The company's loss after financial items fell to SKr115m in 1992, from SKr1.2bn a year earlier, when its deficit was aggravated by losses from its troubled financial subsidiary, Independent.

Independent was sold in March 1992, which explains why turnover also fell heavily last year, to SKr469m from SKr1.76bn. The group said there would be no dividend.

A total of SKr105m of last year's losses related to Afisa, the group's Spanish property operation, which is being sold.

The purchaser is a bankruptcy unit linked to Independent.

Fermenta's loss after extraordinary items amounted to SKr418m, against a SKr1.2bn deficit in 1991, after including SKr423m in one-off costs linked to real estate write-downs and reserves.

The group's financial position strengthened last year, with interest bearing debt falling to SKr734m from SKr4.53bn.

Saudi bank sees 70% profit rise in first quarter

SAUDI Investment Bank (Saib), one of Saudi Arabia's smaller banks, posted a 70 per cent rise to SR15.36m ($4.1m) in net profits for the first quarter of 1993, Reuter reports from Manama.

The bank reported net profits of SR9.05m in the first quarter of 1992. Mr Abdulaziz O'Hail, chairman, said the bank was well on the road to record profits in 1993.

Saib said it earmarked a SR5m provision for possible losses as at the end of March 1993, unchanged from the same period the previous year.

Total assets rose to SR5.11bn from SR4.56bn. Operating income before provisions rose to SR20.36m from SR14.05m.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, April 5, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	65.2531	40.8858	57.4529
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Fiji Is	(Fiji $)	2.3381	1.5378	0.9635	1.354
Finland	(Markka)	8.8418	5.8131	3.6423	5.1182
France	(Fr)	8.2325	5.4125	3.3913	4.7655
Fr. Cty/Africa	(CFA Fr)	411.63	270.631	169.57	238.281
Fr. Guiana	(Local Fr)	8.2325	5.4125	3.3913	4.7655
Fr. Pacific Is	(CFP Fr)	148.00	95.0694	60.1441	84.5151
Gabon	(CFA Fr)	411.63	270.631	169.57	238.281

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Gambia	(Dalasi)	12.8945	8.4776	5.3118	7.4642
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
N'nd Antilles	(A/Guilder)	2.7113	1.7825	1.1169	1.5694
New Zealand	(NZ $)	2.8528	1.8756	1.1752	1.6514
Nicaragua	(Gold Cordoba)	9.2011	6.0493	3.7903	5.3282
Niger Rep	(CFA Fr)	411.63	270.631	169.57	238.281
Nigeria	(Naira)	48.5440r	31.9158	19.9975	28.1007
Norway	(Nor. Krone)	10.3350	6.7948	4.2574	5.9826
Oman	(Rial Omani)	0.5840	0.3838	0.2405	0.338

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	40.2006	26.4303	16.5604	23.2709
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Yemen (Rep of)	(Rial)	25.0305	16.4566	10.3112	14.4894
Yemen (Rep of)	(Dinar)	0.7054	0.4637	0.2905	0.4083
Yugoslavia	(New Dinar)	1137.75	748.028	468.692	658.611
Zaire Rep	(Zaire)	3850400.0	2531492	1586159	2228888
Zambia	(Kwacha)	690.235	453.803	284.34	399.557
Zimbabwe	($)	9.7164	6.3881	4.0026	5.6245

Special Drawing Rights April 2, 1993 United Kingdom £0.918021 United States $1.40751 Germany D Mark 2.24216 Japan Yen160.456
European Currency Unit Rates April 5, 1993 United Kingdom £0.798015 United States $1.21219 Germany D Mark 1.93889 Japan Yen137.947

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate; ♣ CIS applies to states in the Rouble Zone.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday April 5, 1993

Flood of gilts leads to a bout of indigestion

By Sara Webb in London and Laurie Morse in Chicago

UK GOVERNMENT bonds fell by up to ¾ of a point at the long end as the recent heavy supply weighed on the gilt market.

After last Wednesday's £3bn auction of 20-year stock, the Bank of England issued £600m of 10-year gilts, and on Friday it announced a further £650m of conventional and index-linked stock for sale.

GOVERNMENT BONDS

Dealers said a call for £1.8bn on partly-paid stock yesterday provided an additional burden for the market.

"The market is coming to terms with the fact that about £5bn of calls fall due in the next six weeks," said Mr John Kendall, economist at Baring Sterling Bonds.

Mr John Shepperd, economist at S.G. Warburg Securities, said: "The auction was well-absorbed, but the new tranches came a bit to soon – there's been some consolidation and now there's some indigestion."

The two new tap stocks announced on Friday include £250m of the 7¼ per cent gilt due 1998 and £150m of 2½ per cent index-linked stock due 2020.

FT FIXED INTEREST INDICES

	April 5	April 2	April 1	Mar 31	Mar 30	Year ago	High *	Low *
Govt Secs (UK)	96.84	97.10	96.86	96.66	96.36	85.18	98.04	93.28
Fixed Interest	112.83	112.73	112.67	112.07	111.85	98.41	113.83	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	April 2	April 1	Mar 31	Mar 30	Mar 29
Gilt Edged Bargains	102.6	125.5	141.7	124.4	117.5
5-Day average	122.3	125.6	125.8	130.0	131.0

* SE activity indices rebased 1974

Dealers reported some buying of both stocks, although neither tap stock was exhausted.

The 7¼ per cent gilt due 1998 fell ¼ of a point to $102\frac{1}{16}$ by late afternoon while the 9 per cent gilt due 2008 dropped $\frac{13}{32}$ to $106\frac{19}{32}$.

Separately, figures released yesterday by the Bank showed that foreigners bought £1.03bn of gilts in February, following two months of net selling of UK government debt.

■ GERMAN government bonds ended firmer, ignoring comments from the Bundesbank president that short-term interest rates were unlikely to be cut imminently.

Mr Helmut Schlesinger was quoted in the Frankfurter Allgemeine Zeitung as saying that the Bundesbank should not undertake too rapid an easing of key interest rates.

Bund futures opened at 95.28 and traded in a range of 95.24 to 95.49, ending the day at 95.34.

■ US TREASURY prices were flat in lacklustre early trading, with traders awaiting inflation data to be released later in the week.

The recent rise in long bond yields has focused attention on inflation risks. The US will report its index of March producer prices Thursday, and Friday, which is a market holiday, data on March US consumer prices will be reported. Traders expect both figures to be up 0.3 of a percentage point.

Among shorter-dated maturities, the two-year note was unchanged at $99\frac{27}{32}$ to yield 3.957 per cent, and the three-month Treasury bill was also unchanged at 2.92 yielding 2.962 per cent.

The Federal Reserve executed three-day systems repurchase agreements, injecting liquidity into the banking system. The Fed funds rate was 3¼ per cent shortly after the intervention. Traders said the Fed requested fixed collateral for the repos, a factor that is tied to the fact the US is bumping up its Congressionally-mandated debt ceiling.

A Republican filibuster in the US Senate over President Bill Clinton's economic stimulus package continues to block action to raise the debt ceiling. As a result, today's weekly sale of $22.4 bn in 13 and 26-week Treasury bills was postponed, and will not be rescheduled until the debt ceiling issue is resolved.

■ JAPANESE government bond prices fell back, taking their cue from the continued rally in the stock market and uncertainty over the extent to which the government's supplementary budget would be funded by bond issuance.

The futures contract opened at 108.31, down from Friday's close of 108.53, and fell to a low of 107.97 before ending at 108.16 in Tokyo.

The bond market remained weak despite the yen's continued strength against the US dollar. The yen/dollar rate firmed to a new high of 113.30 before moving back to 113.75.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	113.8137	-0.660	7.91	7.86	7.81
BELGIUM		9.000	03/03	110.4050	-0.070	7.48	7.56	7.24
CANADA *		7.250	06/03	97.1000	-0.550	7.66	7.53	7.31
DENMARK		8.000	05/03	100.0000	-	8.00	8.04	8.06
FRANCE	BTAN	8.000	05/98	104.1607	+0.039	6.99	6.97	7.15
	OAT	8.500	04/03	108.5800	-0.090	7.27	7.29	7.26
GERMANY		7.125	12/02	102.8450	+0.040	6.71	6.62	6.50
ITALY		11.500	03/03	91.0900	-0.065	13.56†	13.05	12.76
JAPAN	No 119	4.800	06/99	102.8037	-0.305	4.23	4.38	3.71
	No 145	5.500	03/02	108.0054	-0.388	4.27	4.28	3.91
NETHERLANDS		7.000	02/03	101.9400	-0.100	6.72	6.69	6.46
SPAIN		10.300	06/02	93.4434	+0.180	11.47	11.49	11.29
UK GILTS		7.250	03/98	102-04	-4/32	6.74	6.73	6.53
		8.000	06/03	101-29	-10/32	7.72	7.79	7.52
		9.000	10/08	106-25	-17/32	8.22	8.33	8.06
US TREASURY *		6.250	02/03	100-24	-3/32	6.15	6.06	5.80
		7.125	02/23	100-28	-26/32	7.05	6.92	6.69
ECU (French Govt)		8.000	04/03	102.1500	-0.170	7.68	7.58	7.44

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Investor base raised by installing screens

By Tracy Corrigan

A NUMBER of Europe's electronic derivatives exchanges are hoping to increase their market share and expand their investor base by installing screens overseas.

The board of governors of the Deutsche Terminbörse (DTB), the German futures and options exchange, voted on Friday to allow foreign institutions without a German subsidiary to join the DTB. The decision still has to be approved by Mr Ernst Welteke, the Hesse economics minister. Last year, he approved plans to allow DTB members' branches outside Germany to install screens.

Extra Clearing, a Dutch broking firm with DTB membership through its German subsidiary, is expected to put terminals on line in Amsterdam during the first half of April in the first such link.

Meanwhile, Meff, the Spanish futures exchange, last week announced it had applied for status as a designated and recognised investment exchange in the UK. This would allow the exchange to set up Meff trading screens in the UK and so to gain access to London's international market place.

The Spanish exchange is also holding discussions with the London Clearing House (LCH), which provides clearing for all London's derivative markets. Meff hopes to be able to offer its members the alternative of clearing through LCH, which would allow them to offset their exposure on Meff contracts against other contracts cleared by LCH.

The exchange is also lobbying Spanish authorities to allow non-resident firms to be members of the exchange.

● The board of governors of the DTB has postponed the planned integration of Frankfurt stock exchange options with DTB options.

"At the moment there is no solution in sight which would cover costs and ensure that the smaller orders of private customers are given equal treatment," said Mr Jörg Franke, DTB chief executive.

Prague exchange to open today with unlisted market

By Patrick Blum in Prague

THE PRAGUE stock exchange (PSE) will join the group of emerging eastern European markets when it begins trading today with a small number of unlisted securities.

Initial plans to open with a listed market have been abandoned because of technical difficulties, but work on listing arrangements continues.

Mr Jiri Franc, PSE general secretary, said: "The listing process is under way, but it is very hard to choose companies suitable for listing. The whole economy is being restructured and some companies, which six months ago showed good results, may have big problems in the future. We want to offer quality."

By starting with an unlisted market the PSE hopes to establish itself before the opening of a rival, known as the RM system. Run by Mr Dusan Triska, one of architects of mass privatisation while at the finance ministry, it is designed to operate as a nationwide, cheap electronic over-the-counter market.

The backers of the RM system hoped to establish it by trading in shares from last year's mass voucher privatisation, which involved about 1,500 companies and in which 8.5m Czech and Slovak investors participated.

The distribution of these shares was due to start on March 29, but it has been postponed indefinitely after a row between the Czech Republic and Slovakia over the division of assets from former Czechoslovakia. The Czech government said it would not transfer shares in Czech companies to Slovak investors unless Slovakia agreed to settle.

Mr Franc, of the PSE, is cautiously optimistic on prospects. "It will take time for a market environment to develop," he said. Trading will begin with eight securities, including government bonds, and he hopes that, by the end of the year, there will be about 15 fully-listed securities.

The exchange has 30 staff, small dealing desks for 32 dealers divided between two floors, and 53 registered brokers. Initially, there will be a single daily price fixing.

ISMA considers cutting standard settlement period

By Richard Waters

THE International Securities Market Association is to canvas its members on whether to shorten the current standard settlement period in the international bond market from seven calendar days to three, or possibly even two, business days.

Mr John Langton, Isma secretary-general, said a shorter settlement period would help reduce systemic risk by cutting the length of time market-users were at risk from default by a counter-party. Isma plans to raise the matter at its annual meeting in Copenhagen in May.

Three-day settlement was recommended by the Group of 30 four years ago as one of the standards for national settlement systems.

Mr John Dowsett, a director of fixed income brokers Luthy Baillie Dowsett Pethick and one of the promoters of the idea, said that domestic bond markets in a number of countries – including Germany, the UK and the US – already operated on settlement cycles of two days or less. "With the technology in place these days, most people are already capable of settling in one day," he said.

The possible switch was generally welcomed by large brokers and traders in London, though it is likely to meet with greater resistance from smaller financial institutions, which could face higher costs in upgrading their systems for a shorter settlement cycle. Isma is unlikely to recommend the introduction of the shorter period before 1996.

Eurobond issues slacken ahead of Easter break

By Tracy Corrigan

THE FLOW of new Eurobond issues started to peter out yesterday, as banks wound down their activities ahead of the long Easter weekend, and after record volume in the first quarter of the year.

Interest in the French franc sector of the market is resuming, following last month's National Assembly elections. Now that the change in the balance of power in favour of the right wing coalition has been absorbed, hopes of some reduction in interest rates are spurring the market forward, with five-year bonds outperforming 10-year paper, resulting in a steepening of the yield curve.

INTERNATIONAL BONDS

Solvay, the Belgian chemical company, launched a FF1bn issue of five-year bonds paying 7.9 per cent, priced to yield 85 basis points over comparable French government paper. The proceeds of the issue, which was swapped into floating-rate francs, will be used to pay off shorter-dated debt.

Meanwhile, the flow of Latin-American deals continued with a $50m deal for Banco Braseg, guaranteed by the Brazilian subsidiary of the French insurance company, Assurances Générales de France. The two-and-a-half year deal, arranged by West Merchant Bank, was priced to yield 750 basis points over the interpolated yield curve.

Another Brazilian bank, BBA Creditanstalt, is planning to launch a deal next weak via ING Bank, adding to the recent surge of issuance by Brazilian banks.

Elsewhere, Bayerische Landesbank launched a subordinated floating-rate note with a floor or minimimum interest rate of 5 per cent and a cap or maximum of 8 per cent, in line with other recent "collared" floaters. The deal, arranged by UBS, pays interest at ¼-point below the London interbank offered rate.

Despite the reduction in cap levels from 10 per cent, when the first such deals were launched last summer, investor demand seems to be holding up.

"Investors seem to be focusing on the upfront benefit provided by the floor rather than on the cap," said one dealer.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Bayerische Landesbank(a)‡	100	(a)	99.75	May.2003	0.5/0.25	UBS
Banco Braseg#	50	10.5	97.55	Oct.1995	1.25/-	West Merchant Bank
Sanwa Australia Finance(b)‡	50	(b)	100	Apr.2003	0.3/0.15	Sanwa International
YEN						
Tostem Corp.(c)‡	10bn	(c)	101.325	Jul.1997	1.625/1.525	Sakura Finance Intl.
FRENCH FRANCS						
Solvay	1bn	7.9	101.375	Apr.1998	1.875/1.25	CCF

Final terms and non-callable unless stated. ‡Floating rate note. #Semi-annual coupon. a) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8%. b) Coupon pays 6-month Libor + 0.55% until Apr.1996 and 9% fixed annual thereafter. Callable at par on any coupon payment date from Apr.1996. c) Coupon pays 4.25% fixed annual for 3 years and 3 months and 3-month Libor - 0.125% in the final year. Puttable on 29/7/96 at par.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on April 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 3 1/8 94	200	106	106½		4.33
ALBERTA PROVINCE 9 3/8 95	800	110⅝	111	-⅛	4.84
AUSTRIA 8 1/2 00	400	112½	112⅞	-¼	6.19
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ARBED 7 1/2 95 LFr	600	98¼	99¼		8.09
ECSC 7 3/4 94 LFr	1000	100	100¼		7.70
WORLD BANK 8 96 LFr	1000	101⅞	102⅞		7.47
[illegible]					

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
DENMARK 7 95	40000	105⅜	105⅝		3.67
EIB 4 5/8 94	40000	101⅛	101⅜		3.54
ELEC DE FRANCE 5 5/8 96	20000	103⅞	104⅛	-⅛	4.41
FINLAND 6 3/4 96	80000	106⅛	106⅜	-¼	4.60
INTER AMER DEV 7 1/4 00	30000	112⅝	112⅝	-⅞	6.13
JAPAN DEV BK 5 99	100000	101¾	102	-⅜	4.68
JAPAN DEV BK 6 1/2 01	120000	110¼	110½	-⅜	4.98
KANSAI ELEC PWR 4 5/8 94	60000	101	101¼		3.65
NIPPON TEL & TEL 5 7/8 96	50000	105⅛	105⅜	-⅛	4.25
NORWAY 5 1/8 95	50000	102⅛	102⅜	-⅛	4.00
SNCF 6 3/4 00	30000	109¾	110	-⅜	5.04
SWEDEN 5 5/8 95	20000	103⅛	103⅜	-⅛	4.25
WORLD BANK 6 3/4 00	50000	110¼	110½	-⅛	4.97

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
[illegible]					
HAWLEY 6 02 PREF	400	19.1	123¾	125¾	
HILLSDOWN 4 1/2 02 £	150	3.97	124½	125¾	
LAND SECS 6 3/4 02 £	84	6.72	97	98⅛	+23.45
LASMO 7 3/4 05 £	90	5.64	86¾	87⅞	
MITSUI BANK 2 5/8 03	200	2332.6	88⅞	90⅛	+30.35
MOUNT ISA FIN 6 1/2 97	100	2.283	100¾	101¼	+45.14
OGDEN 6 02	85	39.077	93⅛	94¾	+59.51
SEGA ENTERPRISES 3 1/2 96	200	6344.9	121	122⅛	-0.41
SMITH & NEPHEW 4 02 £	90	1.775	132½	133½	+50.28
SUMITOMO BANK 3 1/8 04	300	3606.9	81½	82½	+31.18
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	96	96⅞	+52.88
THORN EMI 5 3/4 04 £	103	7.16	130⅞	131¾	+5.72

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Cng. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	57	17
Other Fixed Interest	3	1	11
Commercial, Industrial	156	468	779
Financial & Property	85	207	504
Oil & Gas	15	26	43
Plantations	1	1	6
Mines	48	22	66
Others	26	65	32
Totals	337	847	1,458

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	½	½	Anglo Utd Warrants	½		-	-	-	-
150	F.P.	-	188	153	David Lloyd Leis	176	-2	b1.95	4.8	1.4	17.0
100	F.P.	-	105	98	For & Col US Smlr Co's	103	-1	-	-	-	-
-	F.P.	-	44	30	Do. Warrants	41		-	-	-	-
138	F.P.	-	146	145	Hambros Ins Service	145		R5.2	2.0	4.5	14.0
51	F.P.	-	84	52	Intl. Food Machinery	78	-1	-	-	-	-
§210	F.P.	-	280	257	Motor World	276	-1	R6.3	2.5	2.9	17.2
100	F.P.	-	100	98	Pilot Inv. Trust	97½		-	-	-	-
-	F.P.	-	28	21	Do Warrants	27		-	-	-	-
380	F.P.	-	538	385	Quality Software Prods	468	-15	-	-	-	22.8
100	F.P.	-	108	102	Schroder Split Fd Inc	104½		N6.75	-	8.1	-
20	F.P.	-	21	19	Do. Cap	20		-	-	-	-
100	F.P.	-	102	99	Do. Zero Div. Pf.	101¾	+½	-	-	-	-
25	F.P.	-	26¼	25¼	Warrants & Value Tst.	25½		-	-	-	-
110	F.P.	-	141	125	Yorkshire Food	135	-1	W2.66	2.6	2.7	15.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	117½p	102½p	Airtours 6½p (Net) Cv. Pf. (ex-div)	107½p	-1
100p	F.P.	-	122½p	115½p	Bristol Water 8¾pc Pf.	117½p	-½
100p	F.P.	-	112½p	105½p	Commercial Union 8¾pc Cm. Pf.	107½p	
100	F.P.	-	114½	106½	RFC 7¼pc Cv. Bd. 2007	109¾	-½
100	F.P.	-	125½	122½	Tops Estates 7½pc Cv. Uns. Ln. 2020	123½	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
142	Nil	14/5	20pm	9½pm	BBA	9½pm	-3
62	Nil	21/5	5pm	1¼pm	BSG	1¼pm	-1
20	Nil	17/5	11pm	10pm	¶Bilston & Battersea	11pm	
44	Nil	10/5	4½pm	1½pm	Clyde Petroleum	4pm	
28	Nil	7/4	24pm	6pm	¶Cupid	6pm	-1
10	Nil	11/5	¼pm	¼pm	¶Ensor	¼pm	
17	Nil	7/4	11pm	2pm	Lopex	3½pm	+¼
265	Nil	15/3	74pm	65pm	Low & Bonar	74pm	+1
180	Nil	15/3	54pm	43pm	Medeva	44pm	-1
225	Nil	6/5	35pm	30pm	Pendragon	30pm	

b Figures based on prospectus estimates. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1993-94. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ♥ Units comprising 1 ord. and 1 zero pref. share.

TRADITIONAL OPTIONS

- First Dealings April 5
- Last Dealings April 16
- Last Declarations July 15
- For settlement July 26

3-month call rate indications are shown in Saturday editions.

Calls in: Avesco, BM Group, Densitron, Enterprise Computer, Maddox Group, Telemetrix, Unigate and Whitecroft. Puts & Calls: ASDA and TR Property.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons	550	25	46	56	2	22	28
(*574)	600	3	13	32	27	51	57
[illegible]							
Sainsbury	460	23	42	55	2	18	23
(*478)	500	5	24	35	21	41	45
Shell Trans.	550	29	46	54	2	11	19
(*576)	600	2	19	27	27	35	44
Storehouse	180	22	30	35	1½	10	12
(*199)	200	5½	18	24	5	17	22
Trafalgar	74	4	8½	13	2½	6½	9
(*77)	83	1½	6	9	10	12	14
Utd. Biscuits	390	10	30	40	5	19	26
(*393)	420	1½	15	26	28	37	42
Unilever	1150	24	65	90	7½	32	45
(*1162)	1200	3	45	64	43	65	70

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero	260	29	42	54	14	24	32
(*270)	280	18	31	42	22	32	42

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAA	750	60	70	84	6	19	27
(*799)	800	26	40	55	22	39	48
[illegible]							

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Abbey Nat.	360	30	38	44	8	17	22
(*375)	390	12	22	30	24	32	36
Amstrad	30	5	7	8	2	3½	4½
(*33)	35	3	4½	6	5	6	6½
Barclays	390	33	43	51	13	23	28
(*404)	420	18	27	37	28	38	44
Blue Circle	200	25	31	35	8	14	19
(*218)	220	12	21	25	18	24	31
British Gas	300	12	18	33	15	17½	25
(*303)	330	3½	7½	12	37	38	44
Dixons	200	20	26	31	11	19	23
(*207)	220	12	16	22	23	31	34
Eurotunnel	460	37	55	72	38	49	59
(*462)	500	20	38	54	59	73	81

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Glaxo	550	55	77	83	21	34	43
(*578)	600	30	50	60	47	63	75
[illegible]							

EURO FT-SE INDEX (*2837)

FT-SE INDEX (*2837)	2700	2750	2800	2850	2900	2950	3000	3050
CALLS								
Apr	145	97	54	23	7½	2	½	½
May	161	122	87	56	35	20	10	6
Jun	175	138	105	77	54	37	24	14
Jul †	194	160	128	100	75	56	41	30
Dec	270	-	210	-	155	-	110	-
PUTS								
Apr	3	6	14	34	72	118	168	218
May	16	26	41	62	92	128	170	218
Jun	26	38	57	78	104	138	177	220
Jul †	40	54	73	93	120	152	188	228
Dec	85	-	125	-	170	-	225	-

April 5 Total Contracts 23,868
Calls 14,510 Puts 9,358
FT-SE Index Calls 8,040 Puts 3,754
Euro FT-SE Calls 810 Puts 143
*Underlying security price. † Long dated expiry months
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Mon Apr 5	Day's change %	Fri Apr 2	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	129.15		129.15	2.15	2.62
2	5-15 years (22)	148.98	-0.23	149.32	1.75	3.96
3	Over 15 years (8)	158.44	-0.50	159.24	1.58	3.10
4	Irredeemables (6)	182.22	-0.32	182.80	3.59	1.48
5	All stocks (60)	145.13	-0.20	145.42	1.90	3.35
	Index-Linked					
6	Up to 5 years (2)	183.99	-0.04	184.07	0.49	1.51
7	Over 5 years (12)	175.00	-0.07	175.13	0.78	1.33
8	All stocks (14)	175.08	-0.07	175.20	0.74	1.35
9	Debs & Loans (67)	129.01	-0.26	129.34	2.13	3.08

	AVERAGE GROSS REDEMPTION YIELDS		Mon Apr 5	Fri Apr 2	Year ago (approx.)
	British Government				
1	Low	5 years	6.72	6.70	9.41
2	Coupons	15 years	7.78	7.72	9.69
3	(0%-7¾%)	20 years	8.03	7.97	9.69
4	Medium	5 years	6.98	6.97	10.25
5	Coupons	15 years	8.22	8.17	9.80
6	(8%-10¾%)	20 years	8.37	8.32	9.73
7	High	5 years	7.19	7.18	10.47
8	Coupons	15 years	8.46	8.40	9.94
9	(11%-)	20 years	8.54	8.48	9.84
10	Irredeemables(Flat Yield)		8.41	8.38	9.87
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.25	2.22	3.87
12	Inflation rate 5%	Over 5 yrs.	3.41	3.40	4.60
13	Inflation rate 10%	Up to 5 yrs.	1.38	1.35	3.20
14	Inflation rate 10%	Over 5 yrs.	3.23	3.22	4.42
15	Debs & Loans	5 years	8.62	8.56	11.51
16		15 years	9.31	9.27	11.22
17		25 years	9.49	9.47	11.02

Shares dip 11% as analysts question acquisition provisions

Morgan Crucible ahead 27%

By Richard Gourlay

SHARES IN Morgan Crucible, the materials technology group, yesterday appeared to be the first casualty of possible revisions to the rules on acquisition accounting.

The share price fell more than 11 per cent to 289p after the group released results for the year to January 3 1993 which led analysts to reappraise the group's repeated use of acquisition provisions.

The Accounting Standards Board last week issued a discussion draft that suggested the cost of incorporating acquisitions should be taken directly in the profit and loss account and not via provisions set up at the time of acquisition that only affect the balance sheet.

Morgan Crucible was reporting pre-tax profits of £61.3m, a 27 per cent increase over 1991 results adjusted down from £61m to bring them into line with new FRS 3 accounting rules.

On this new basis, diluted earnings per share were up 38 per cent at 18.7p. Underlying earnings per share rose from 17.7p to 19p.

The group further surprised analysts by setting up new provisions for acquisitions in its carbon division that took place nearly three years ago. Mr Bruce Farmer, chief executive, said delay in starting the reorganisation had resulted from a Federal Trade Commission study of Morgan Crucible's market share.

The $6m cost of reorganising this division was now being included in £8.8m of new provisions for prior year acquisitions. However, the net increase was £4.8m after the group wrote back £4m of provisions no longer required.

Mr Graham Swetman, finance director, said the share price fall had been overdone. Analysts had paid too much attention to the provisions and not enough to the results of a group that had done well compared with its competitors in a difficult recession, he said.

Apart from the question of provisions, the actual results were broadly in line with expectations. The rise in gearing to 67 per cent was anticipated following the departure of sterling from the EMS last September.

Interest during the year was 7.6 times covered. The total dividend is maintained at 12.6p with a proposed final of 6.85p.

Operating profit margins fell to 10 per cent for the group as a whole. The carbon and thermal ceramics divisions both suffered lower operating profits. Carbon sales increased from £112m to £125m but profits fell from £17.2m to £15.6m. Thermal profits fell from £23.1m to £20.8m on sales of £208m.

Speciality materials and technologies profits rose from £18.4m to £19.2m on sales of £190m, while technical ceramics improved from £11.4m to £15.7m on sales of £157m.

Mr Farmer said the best prospects for growth were in North America, south-east Asia, the Pacific rim and Australia, where the group has about 50 per cent of its sales.

See Lex

Buy-out at Sears' Galliford division

By Roland Rudd

SEARS, the speciality retailer, yesterday announced the management buy-out of its Galliford Housebuilding division for £27.1m.

The disposal will give rise to an extraordinary loss of £28m, which is the difference between the purchase price and net assets. This will be included in Sears results for the year ended January 31.

Mr Liam Strong, chief executive, said: "The disposal of Galliford completes the exit programme from housebuilding activities that Sears announced in 1990 and enables us to concentrate on our retail and home shopping markets."

The buy-out, financed by Schroder Ventures, has already paid £24.2m cash with the balance due in October. This will amount to £500,000 cash and £2.4m in tax losses to be transfered from the subsidiary to Sears.

Galliford, which has nothing to do with Galliford plc, the northern construction company, has been loss-making for three years.

However, its losses before interest have fallen from about £16m three years ago to £7.5m on sales of £48.9m in the last financial year.

It has raised £10m of equity, primarily from Schroder Ventures and its affiliated funds, and £16m of debt from the Midland Bank.

Decline in tobacco profits leaves T&S 6% lower

By Jane Fuller

A DROP in profits from tobacco retailing and from shop disposals lay behind a fall of more than 6 per cent at T&S Stores last year.

The pre-tax figure declined from £13.4m to £12.5m on sales up 10 per cent at £345.3m (£314.2m).

Operating profits were ahead to £12.6m (£12.4m), but lower profits from disposals, reduced interest income and a charge for reorganisation hit the pre-tax line.

Mr Kevin Threlfall, chairman and chief executive, said it had been a frustrating year. "A number of growth opportunities came to nothing as either price, quality or a combination of both proved to be a stumbling block."

The group remains keen to expand its convenience store network.

It has admitted that it looked at the Circle K chain, recently sold to Watson & Philip for £21m.

The Dillons convenience stores increased their profits to £3.89m (£3.12m) on sales of £68m (£52.1m). Eleven stores were opened, mainly in the second half.

However, the advance in convenience stores was undone by a fall in profits from £3.76m to £3.16m, on sales of £175.3m (£165.4m) at Supercigs. Margins were squeezed by increased competition.

To try to improve the business, the discount formula was being rolled out from cigarettes to magazines and greetings cards.

At the Dillons newsagents, profits were flat at £5.59m (£5.57m) on sales of £102.1m (£96.7m).

T&S said £1m of annual costs had been taken out of the business. At the year-end the group's overdraft was £9.5m, compared with £12m.

The company said this was seasonal and it often had up to £10m cash in the bank.

Earnings per share slipped to 15.17p (15.71p).

The final dividend goes up to 3.5p to give a total of 5.9p (5.5p).

● COMMENT

T&S has some defensive virtues, but in a weak market these have not been sufficient to keep earnings moving ahead. Growth is seen as coming mainly from acquisitions, but it is a long time since the big leap forward made in spring 1989 with the acquisition of Preedy and Dillons from Next. Analysts are not only holding their breath waiting for the next deal – and the anticipated issue of paper – but also on the outcome of the discount magazines experiment. Previous attempts have fallen foul of the wholesalers. T&S believes it has the muscle to pull it off and that scrutiny of the trade by the MMC will keep the wholesalers on their best behaviour. Because of a sharply rising tax charge, the group would have to sprint this year to stay level on earnings per share. Profits are forecast to rise to more than £13m, giving a prospective p/e of 12-13 on yesterday's close of 173p. At this discount to the market, it is well worth holding.

Rentokil chief gets 20% pay rise

By Angus Foster

RENTOKIL, the environmental and property services company, awarded Mr Clive Thompson, chief executive, a 20 per cent pay rise last year, taking his emoluments from £591,000 to £707,000.

The increase compared to a 29 per cent rise in Rentokil's pre-tax profits and earnings per share in the year to December 31.

Mr Thompson's emoluments have increased by 2.64 times since 1989, when he earned £267,000. In the same period, Rentokil's profits and earnings have increased by just under twice. According to Rentokil's annual report about half Mr Thompson's emoluments last year were incentive payments in line with a plan introduced in 1988.

Kennedy Financial Services, a company owned by Mr David Newbigging, Rentokil's chairman, was paid £58,000 in compensation for Mr Newbigging's services. Kennedy also received £18,000 as fees for providing office facilities for Rentokil.

L and M rises 10% to £23m

By John Authers

LONDON and Manchester, the life assurance group, yesterday announced a 10 per cent rise in 1992 pre-tax profits to £23.4m, slightly ahead of analysts' predictions.

Net insurance earnings were up 22 per cent at £19.3m, but the weak state of the residential property market inflicted losses on the group's mortgage and residential estate agency subsidiaries.

A recommended final dividend of 9.6p makes a 14.25p (13.572p) total.

Earnings per share emerged at 14.3p (12.87p).

After tax of £6.29m (£5.75m) and minorities net profits emerged at £17.1m (£15.4m *before extraordinary items).*

Profits of the life business included a proportion of the transfer made last year of the assumed long term rate of return on the shareholders' share of the life fund assets.

L and M took the opportunity that this transfer presented to make heavy cuts in the annual or reversionary bonuses it guarantees to policyholders. This increases the company's strength, and allows greater investment flexibility, but reduces guaranteed returns for policyholders.

The group's estate agency incurred a net loss of £3.5m *(£2.8m), and the number of* houses sold fell from 5,900 to 5,200. Its mortgage business, hit by the same problems, made a trading loss of £3.7m (£266,000 profit), having incurred bad debt provisions of £9.4m.

Mr John Thomson, chairman, said the economic climate had badly affected these non-insurance businesses, but added: "There is now clear evidence that these businesses are moving out of recession and the prospects for 1993 look promising."

Butte sells last operating asset

By Kenneth Gooding, Mining Correspondent

BUTTE MINING has sold its last operating asset, a zirconium business based in Stoke-on-Trent, for £100,000 cash.

When the deal is completed Butte effectively will be a "litigation" company. It is claiming damages of at least $325m (£229m) in the US against more than 70 former directors, advisers and investors. This might take some years to resolve.

Butte said yesterday its Zirceram subsidiary had sold the zirconium opacifier business and related assets to PE Hines, a privately-owned supplier to the ceramics industry.

Zirceram retained the freehold of its property and Hines hadtaken a three-year lease and an option to acquire the freehold at any time during the lease period for the lower of £100,000 and an independent valuation.

Mr David Lloyd Jacob, chairman of Butte, said Zirceram had incurred losses for five years and, while new management installed at the begining of last year had increased sales and reduced losses, "significant new investment would have beenneeded to obtain even a modest profit."

Farepak makes £8.5m purchase

By Nathalie Lemoine

Farepak yesterday expanded its food hamper business with the £8.5m purchase of Littlewoods Hampers from the mail order and retailing group.

Similar to Farepak's core activities, Littlewoods Hampers sells food, drinks and non-food Christmas items through local agents. Combining the two businesses will significantly cut costs and improve profits in the 1993-94 year, Farepak said.

The agreement also gives Farepak access to Littlewoods' mail order lists and databases for 20 years.

Farepak will pay £4m initially and further payments of £900,000 are due annually for five years.

Tangible assets acquired have a book value of £140,000. Pre-tax profits were £360,000 on turnover of £6.2m for the 1992 year.

Farmers who made a pig's ear over their book-keeping

By Andrew Jack

A GROUP of Cumbrian farmers and auctioneers has been forced to send out a circular to shareholders after it made a pig's ear of its 1992 accounts.

Following discussions with the Financial Reporting Review Panel, the UK's accounting standards watchdog, Penrith Farmers' & Kidd's has distributed a supplementary statement to the accounts.

NT O'Reilly & Partners, the company's auditors which has had to issue a new audit report with the statement, said: "In our opinion it is now clear that the original financial statements on which we reported ... failed to comply with the requirements of the Companies Act 1985."

In a covering letter to the 600 shareholders dated April 1, Mr David Hibbert, company secretary, says the new statement revises a number of differences between the 1991 accounts and the 1991 comparative figures shown in the 1992 accounts.

The Review Panel ordered the distribution of the supplementary note – the first time it has taken such action. Mr Hibbert estimated the cost would be £200-£300.

"This has pulled us up short and made us look more closely at the accounts," he said yesterday. "But the changes were just cosmetic. They did not affect the profit or balance sheet totals."

The errors were first highlighted at a stormy annual meeting last autumn, which led to a complaint to the review panel by Coss & Mounsey, one of the shareholders.

The supplementary note shows that turnover, administrative charges, income from investment, interest payable and other operating income for 1991 were all shown differently in the 1992 account than in the previous year's report.

A freehold property disposal had been incorrectly classified as a leasehold disposal in the 1991 accounts, an amount of advance corporation tax has been re-credited to a different category, and directors' remuneration includes benefits, which were not shown in the 1991 accounts. The cash flow statement also had a line item which was incorrectly labelled.

The Review Panel, the company and its auditors failed to pick up at least one other error in the 1991 accounts: a tax rebate of £3,712 is added to the pre-tax loss of £99,149 to give a post-tax loss of £103,149.

Mr Joseph Rain, chairman, could not come to the phone yesterday. A secretary said he was out "weighing sheep".

COMPANY NEWS IN BRIEF

AAH HOLDINGS has bought the Direct Services Organisation of Warwick District Council (Warwick Services). This business operates a portfolio of nine contracts for the council; providing services for maintenance, refuse collection, cleansing, highways and building maintenance.

BAILLIE GIFFORD Technology: Net asset value at February 28 year end was 7.5p per share (11.5p): net loss £33,615 (earnings £39,786) equal to 0.31p per share (0.36p). No dividend (0.2p).

BRITISH POLYTHENE Industries' recent rights issue of 5.22m ordinary shares was taken up as to 5.03m shares (96.4 per cent).

BRITISH VITA, through its Tramico subsidiary, has paid £6.2m to acquire Pullflex, based near Tours, France. Pullflex, with sales of £15m, is a converter of rubber and cellular plastics – mainly for the French automotive and general industries.

DATAPRO COMPUTERS has bought ABS Computers and its associated software house Shortlands Computing Services, from Trafalgar House in a deal which values the two Sussex-based computer companies at about £5m.

DOBSON PARK Industries has sold Revere Aerospace for £5m to Amatek. The aircraft weighing kits business of Revere Aerospace is being retained and is to be integrated with the group's load cell business Revere Transducers in California.

FLEMING EMERGING Markets Investment Trust has raised £50m, as planned, via a placing and offer for subscription. Dealings in the new shares are expected to start on April 6.

GREAT PORTLAND Estates has paid £13.77m for three properties in Milton Keynes, West Bromwich and Bradford, being the entire holdings of two private companies, Thorntop and its associate, Oakport Properties. Consideration to be met as to £462,500 in cash and issue of 8.5m new ordinary GPE shares.

HI-TEC SPORTS has agreed final performance related earn-out payment of the Cofex subsidiary at Fl 5.1m (£1.9m) and brings total consideration to £7.7m. Half of final payment will be in cash and rest met by issue of 1.9m shares.

NORTH WEST Water has acquired two companies dedicated to the research and development of membrane technology. The companies are Ceramesh in Oxfordshire and ICI's membrane business in Cheshire. The consideration was £4m cash.

NORTHERN FOODS has issued 291,121 new ordinary shares to fund the initial consideration for the acquisition of Garratts of Hertford.

VICKERS has received acceptances of its rights issue in respect of 60.83m new ordinary shares (92.6 per cent). Subscribers have been found for the balance at a premium of 31.75p.

WPP's rights issue of 195.4m new ordinary shares was taken up as to 155.66m shares, 79.7 per cent of the issue. Panmure Gordon has placed the balance of 39.74m shares at 60p, which are believed to be held by overseas investors who are unable to subscribe for regulatory reasons.

Further losses at ABB Transportation

ABB Transportation, the UK train maker formerly known as Brel, reported another period of pre-tax losses and warned that order books are running out because of the government's plans for railway privatisation.

Pre-tax losses were reduced to £6.9m in the 15 months to December 1992, compared with £41.3m in the year to September 1991; turnover rose from £299.5m to £401.2m.

However, the previous figure was struck after exceptional restructuring costs of £37.6m, so the outcome marked a deterioration from losses of £3.7m before exceptional items last time.

The group, privatised in 1989, is now owned 85 per cent by Asea Brown Boveri and 15 per cent by its employees. It started running into difficulties soon after privatisation when it failed to meet production schedules on new trains for BR.

Courtyard Leisure to raise £284,000

Courtyard Leisure, the USM-quoted wine bar and restaurant operator, is making board changes and seeking to raise £284,000 through an open offer and subscription.

The move follows increased pre-tax losses of £196,000 (£58,000) for the six months to September 30.

There was a net interest charge of £30,000, against income last time of £25,000.

Turnover increased to £1.09m (£805,000) mainly the result of acquiring a further wine bar in March 1992.

Mr Jonathan North, chairman, said costs were being cut but it was thought new capital was needed. An open offer of 3.48m shares at 10p on a 1-for-3 basis is being made.

Mr Ali Safa, at present joint managing director, and Ennerdale Trust will subscribe for the shares not taken up. In addition, Mr Safa and Mr Brian Chandler are being offered options on 248,000 shares at a minimum 15p.

Export rise behind growth at Highland

By Philip Rawstorne

STRONG GROWTH in exports of Famous Grouse whisky drove Highland Distilleries' first half operating profits ahead 13 per cent to £13.3m.

Famous Grouse exports during the six months to February 28 rose 11 per cent in volume and 21 per cent in value.

Since the alliance with Rémy Cointreau in 1990, which greatly extended distribution of Highland's leading brand, exports have increased from 25 per cent to 38 per cent of total sales, with significant growth in France, Sweden and Greece.

Interim pre-tax profits advanced from £14.7m to £21.2m, with £1.4m of the increase coming from the underlying business and £5.1m from a change to equity accounting of the company's 35.4 per cent stake in Robertson & Baxter, the whisky blender.

Earnings per share benefited from the accounting change, rising from 7.7p to 11.2p.

The interim dividend is raised to 1.6p (1.45p).

Turnover advanced from £96.8m to £98.3m in what Mr John Goodwin, chairman, described as "difficult trading conditions."

Sales of new malt whisky fell 21 per cent and mature whisky volumes were also lower, reducing profits by about £1m. Mr Goodwin said that volumes were likely to be 23 per cent lower this year and to remain flat in 1994. Highland's distilleries were working at 40 per cent of capacity this year compared to 50 per cent last year.

Famous Grouse maintained its premium price position in the UK market at the expense of some volume, but improved market share from 13.7 per cent to 14 per cent.

Because of exchange and interest rate uncertainties, the company repaid at an additional cost of £4.9m, a £30m loan, raised in French francs in 1990 to help finance its investment in Orpar, the Rémy holding company. Net borrowings were reduced from £10.2m to £2.8m.

Scottish TV advances by 18% to top £10m

By Richard Gourlay

SCOTTISH Television, which last year regained its franchise with a £2,000 a year bid, yesterday reported an 18 per cent increase in pre-tax profits, from £8.62m to £10.1m, for 1992. Sales were up some 11 per cent at £126.1m.

Advertising revenues rose 3 per cent to £90.8m and the sale of programmes was 32 per cent up at £23.2m.

Mr Gus Macdonald, managing director, said new orders had already been received for series like Doctor Finlay and Taggart which would ensure "another significant increase for 1993". He believed that operating margins of 14 per cent before the levy were among the best in ITV.

Reorganisation, including the cost of early retirement and voluntary redundancy, led to a £4.61m exceptional charge. The company has written off its £1.8m share of the start-up costs of Good Morning Television, where it has a 20 per cent stake.

Earnings per share rose from 11.4p to 13.9p. The final dividend is 8.2p to give 9.92p (8p) for the year.

Clydesdale Group set for market flotation

By James Buxton, Scottish Correspondent

CLYDESDALE GROUP, the electrical goods retail chain, plans a Stock Exchange flotation in late June which is expected to raise £30m in new money and capitalise the company at about £80m.

The flotation is aimed at largely wiping out borrowings, currently standing at about £32m, and at financing an expansion programme in England which is already under way. Clydesdale's merchant bank is Rothschilds and its broker is NatWest Securities.

Clydesdale has been expanding rapidly since 1990 and has added 23 out-of-town stores in England to its 86 high street and 11 out-of-town stores in Scotland. In the next 12 months it plans to open a further 20 out-of-town stores in England as far south as Birmingham and Peterborough

It claims to have 2.7 per cent of the highly fragmented UK electrical goods retail market. But though this sounds small, Clydesdale believes it is the third largest company in the sector which is worth some £10bn. The leader is Dixons, which includes Currys, with 12.7 per cent, followed by Comet with 5.5 per cent.

Clydesdale is setting itself what it calls "a loose target" over an unstated timescale of raising its market share to 10 per cent.

The key man is Mr Henk van Eck, a Dutchman who came in as chief executive in 1985 at the behest of institutional investors led by Ivory & Sime, the Edinburgh fund managers, after the company ran into serious problems two years after a management buy-out. He was able to insist on getting 51 per cent of the company.

Mr van Eck sacked the entire management and 27 per cent of the staff, shed non-core businesses and closed nine stores in England. "When business began to turn down with recession in the third quarter of 1988 we'd already pared the business right down. That is why we were virtually the only regional retailer in our sector to survive the recession, if you exclude the regional electricity companies," he said.

In 1990 Clydesdale secured the funds it needed to expand and reduce its debt – gearing had reached 400 per cent. It placed £11.5m of new equity and arranged £26m of bank facilities. Mr van Eck's stake was diluted to 29 per cent and the other big shareholders are now Scottish Amicable and Standard Life, each with 20 per cent.

As well as adding out-of-town superstores to its high street base, Clydesdale has differentiated its marketing strategy to appeal simultaneously to the ABC1 market segment and the C2 and DE segments. It has cut its inventory from 15 weeks to 10 weeks by delivering and installing most large items from two central warehouses, one in Glasgow and a new one near Wakefield, South Yorkshire.

"Our efficiency and our low cost base enable us to offset the much bigger bulk purchasing discounts which the bigger groups get," said Mr van Eck.

Turnover in the year to March 31 1993 is estimated at £140m, against £71.2m in 1991. Operating profit is likely to be £7m, against £4.4m in the 14 months to March 1992, and pre-tax profit is likely to be £4m.

"Unlike some of our rivals which are expanding northwards from a high cost base in the south of England, we are heading south from a cheap Scottish base," Mr van Eck said.

ITN chairman puts emphasis on profit

By Gary Mead, Marketing Correspondent

MR MICHAEL Green, chairman of Independent Television News, warned yesterday that the group must move from being "cost driven to profit driven", and that it must "develop other sources of revenue from home and abroad".


Michael Green: no property problems for ITN

Mr Green, also chairman of Carlton Communications, refused to be drawn on possible further job cuts: "There are no jobs for life, but we don't have a piece of paper saying 'these are the new job cuts'". Staff levels have been reduced from 1,100 to 650 in the last two years.

Mr David Gordon, the new chief executive, highlighted ITN's need to increase its international business, "both for input and distribution" of news programmes.

Mr Gordon, previously chief executive of The Economist, said he hoped to bring to ITN an "understanding of the importance of editorial quality".

Last week the Department of Trade and Industry approved a seven-member consortium takeover, under which new shareholders have committed £30m to fund ITN, and will in principle buy its London headquarters for £74m from Stanhope Properties. ITN previously had 15 shareholders.

The restructuring was in part prompted by what are understood to be £5m annual losses on the headquarters.

Mr Green said yesterday: "There are no property problems for ITN", adding that the board believed it made better financial sense to buy the property than spend £8.6m annually in rent. He added that other, unspecified tenants are interested in renting surplus space.

In the 17 months to end-1992 it is believed ITN made an operational profit of between £7m and £10m, compared with £3m for the 1991 year.

WHARF

Established 1886

Wharf Reports 20% Earnings and 30% NAV Growth

1992 has been a very significant year for the Wharf group as it marked a quarter of a century of profit growth which started in 1967 and produced an average growth rate of 27% per annum. It was also an eventful year wherein we saw world attention focused towards the thrust of investments into China,

World attention focused towards investment thrust into China.

with Asia Pacific clearly manifesting itself as the economic force of the future. It was therefore fitting that the Wharf group began its strategic business analysis in China, in which we first advocated the necessity of opening up central China by positioning Wuhan as the pivotal distribution location. Since then, we have put forward the concept of the economic tripod of Hong Kong, Wuhan and Shanghai, supported by Beijing's "Three Along" policy of promoting economic development along China's coast, its borders and the Yangtze River.

Whilst pursuing strategic investments in China, Wharf remains a group which continues to rely extensively and fundamentally on core investments with a long-term presence in Hong Kong. For the

Wharf remains a group which relies on core investments with a long term presence in Hong Kong.

same reason, we do not look to China for quick profits but a fair and reasonable return from our endeavours and on any investments we make. We will participate in developing property and infrastructural projects there in the same way that we have nurtured and added value to our Hong Kong investments over the last 100 years. Our investment commitments in Hong Kong clearly indicate that we look to the Basic Law as a workable document to give our Hong Kong businesses the necessary comfort in the future.

Hong Kong as the natural "window" into China.

Indeed, we believe that Hong Kong is the natural "window" into China for our many international business friends who see the potential market of China, and who have Asia-Pacific ambitions, as technology and know-how are easily transferable across borders. Due to the globalization of labour, where OECD countries with technological expertise must now look for low cost and reliable production if they are to remain competitive, multi-national companies can no longer afford not to pay attention to the Asia-Pacific region. I always advocate that they should not wait too long before furthering their business in East Asia and China. The "Do Something" strategy is my recommendation. I also tell my business friends overseas that in my visits to China, I have seen dramatic changes in the attitude of the people. Economic development is now without doubt at the top of their agenda, and the people I meet in the cities are totally at ease with this changing environment.

Wharf can act as a "bridge" to develop business between our mainland Chinese partners and our business associates.

China must not be viewed as a single market, it is composed of a series of over 30 regional markets all of substantial size. Combined with Asia-Pacific countries, there are over 40 economic units already trading with each other, and each is in turn trading with overseas partners.

With the continued integration of economies between China and Hong Kong, Wharf can act as a "bridge" to develop business between our mainland Chinese partners and out business associates from other parts of the world. Within this environment, a mere 5% growth in China's economic activity is translated manifold into the workload demand on Hong Kong's manpower. Hong Kong can only remain competitive if we have more well-trained people. The idea of "compete through our people" should therefore be high on our economic and social agendas.

The idea of "compete through our people" should be high on Hong Kong's economic and social agendas.

The Group has accordingly been placing greater emphasis on the successful build-up of autonomous business units, each with a highly motivated executive team headed by a main board director who carries his own portfolio. Our business unit leaders also devote a great deal of effort on building up their strength and depth of management in their respective streams of business. Accentuation on management and human resources development is all the more important, particularly in view of our start-up operations in China and in the communications field. Maximum priority is given to staff training, development and to the creation of management depth.

Wharf is essentially an asset growth driven group with a focus in Hong Kong. In the last several years, we have been adding incrementally to our asset base with projects in Hong Kong, in Singapore, in the U.S. and beginning now in China. With the substantial enlargement of our asset base, which will be brought about by the completion of major property developments under construction in the next two to three years, we shall continue to be in a position to maintain our balance sheet debt to within 30% of total group assets which currently stands at about 12%. Further, in the medium term at least, it is our intention to gradually commit between 10% to 20% of our balance sheet to China investments. Reviewing our current investment programme, we do not see the necessity to raise funds from our shareholders in the equity market by way of rights issues. We feel our strategy is sound and our core business will continue to expand through well selected opportunities.

Accentuation on management and human resources is important – priority to training, development and management depth.

Within a region where there has been tremendous economic growth over the past two decades, I regret to say that many aspects to do with our quality of life in our community have not kept up with the pace of that economic growth. Under the severe daily pressures that we face, I feel that our business community should also take a more active role in contributing to the community, in particular towards environmental issues, to our senior citizens and to the handicapped where the availabe general welfare benefits are stretched to keep up with the pace of inflation.

The Group is in a strong position, well poised to take advantage of the many new opportunities. On behalf of our board of directors, I would like to close by thanking all our shareholders, joint venture partners and bankers for their support and the advice given to us during 1992.

Peter Kwong-Ching Woo
Chairman
Hong Kong, 31st March, 1993

Financial Review

For the year ended 31st December 1992, group profit attributable to shareholders was HK$2,051.4 million, compared to HK$1,283.6 million for the nine month period ended 31st December 1991, representing an increase of 20% on an annualized basis. Earnings per share were 97.8 cents as compared with the adjusted figure of 61.2 cents for the preceding period. In accordance with the established accounting policy, the Group's property interests in Hong Kong were revalued as at 31st December 1992. On that basis, the consolidated net asset value of the Company as at that date was HK$21.33 per share, compared to HK$16.19 per share a year earlier.

As a result of the change of the financial year end date from 31st March to 31st December with effect from the fiscal period ended 31st December 1991, the period used for comparison purposes is in respect of the nine month period ended 31st December 1991 and not the same twelve month period as in previous year.

To keep in line with current corporate practices, certain items which in prior years were separately accounted for as extraordinary items are now included in the operating profit of the Group with effect from 1st January 1992. This change has resulted in a profit on disposal of certain properties amounting to HK$211.3 million being included in the year's operating profit of the Group instead of being stated as an extraordinary item.

An interim dividend of 16.5 cents per share was paid in October 1992 and our Directors recommend a final dividend of 48.5 cents per share to be adopted at the forthcoming Annual General Meeting. The total dividend for the year will be 65 cents per share, equivalent to an increase of 15% over that for the nine month period ended 31st December 1991.

Building for Tomorrow

The Wharf (Holdings) Limited 1992 Results Announcement

DIVIDENDS
An interim dividend of 16.5 cents per share was paid in October 1992 and your Directors recommend the payment on 23rd June, 1993 of a final dividend of 48.5 cents per share to be adopted at the forthcoming Annual General Meeting. The total dividend distribution for the year will amount to HK$1,364.0 million, compared to HK$1,185.4 million paid for the preceding nine-month period ended 31st December, 1991.

NET ASSET VALUE
The consolidated net asset value of the Company as at 31st December, 1992 was HK$21.33 per share as compared to HK$16.19 per share as at 31st December, 1991.

SUMMARY OF GROUP RESULTS

	Year ended 31st December, 1992 HK$ Million	Nine months ended 31st December, 1991 HK$ Million
Turnover	4,391.6	2,394.8
Operating profit	2,014.3	1,239.9
Share of profits less losses of associated companies	363.3	242.3
Profit before taxation	2,377.6	1,482.2
Taxation (Note 3)	(256.6)	(140.7)
Profit after taxation	2,121.0	1,341.5
Minority interests	(69.6)	(57.9)
Group profit attributable to shareholders	2,051.4	1,283.6
Appropriations		
Interim dividend	(346.3)	(304.2)
Final dividend	(1,017.7)	(881.2)
Transferred to revenue reserves	687.4	98.2
Earnings per share (Note 4)	97.8 cents	61.2 cents
Dividend per share		
– Interim (Paid)	16.5 cents	14.5 cents
– Final (Proposed)	48.5 cents	42.0 cents
– Total	65.0 cents	56.5 cents

Notes:
(1) As a result of the change of the financial year end date from 31st March to 31st December with effect from the fiscal period ended 31st December, 1991, the period used for comparison purposes is in respect of the nine-month period ended 31st December, 1991 and not the same period in the preceding year.
(2) Included in turnover and operating profit is a gain of HK$211.3 million arising from disposal of certain investment properties in line with current accounting practice. Comparative figures have been reclassified to conform to the current year's presentation.
(3) The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 17.5% (1991 – 16.5%). Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

	Year ended 31st December, 1992 HK$ Million	Nine months ended 31st December, 1991 HK$ Million
Company and subsidiaries		
Hong Kong profits tax	189.3	104.2
Overseas taxation	14.2	11.2
Deferred taxation	(4.8)	(4.2)
Associated companies		
Hong Kong profits tax	57.9	29.5
	256.6	140.7

(4) The calculation of earnings per share is based on the earnings for the year of HK$2,051.4 million (1991 – HK$1,283.6 million) and the weighted average of 2,098,261,446 shares (1991 – 2,098,095,195 shares) in issue during the year. The comparative figure for 1991 has been adjusted for the change in accounting treatment mentioned in Note (2) above.

ANNUAL GENERAL MEETING
The Annual General Meeting of the Company will be held on Wednesday, 16th June, 1993.

BOOK CLOSURE
The Register of Members of the Company will be closed from 4th to 16th June, 1993, both days inclusive.

By Order of the Board
Wilson W.S. Chan
Secretary
Hong Kong, 31st March, 1993

Prospects

Group future earnings look very promising, propelled by the four major property developments of Times Square and Lane Crawford Place both of which will come on stream in 1993, and Gateway and Parc Oasis in Singapore in 1994. The second phase of the Harbour City Redevelopment has been approved by Government, and the Group is likely to commence this project approximately at the time when Gateway is completed.

The Group is enthusiastic with the prospects of introducing the territory-wide Pay-TV service to Hong Kong in the last quarter of 1993. The Wharf Cable team has been working extremely hard to ensure that quality programmes will be delivered to the public on time. Based on the thorough research and surveys undertaken, we are confident that the expected level of subscribers will be achieved, and that this will be a profitable line of business once the service matures in the next few years.

The Group is approaching its China involvement in a structured manner, based on clearly defined strategies. The China Team has representatives in the major strategic locations in Wuhan, Shanghai and Chengdu, plus a roving technical project team which will visit projects in respective cities as and when required.

The Group has substantial financial capacity, and is therefore well positioned to take advantage of the many opportunities which will arise in the future. Operating in the most dramatic growth area of Asia-Pacific, we look to the future with a high degree of confidence.

NEWS DIGEST

Dolphin dives to £1.5m

DOLPHIN Packaging continued to suffer from difficult trading conditions in 1992 and saw pre-tax profit halved, from £3.03m to £1.51m.

The dividend, however, is maintained at 4.5p with a final of 2.8p. Earnings per share were 5.22p (10.55p).

Turnover fell 8 per cent to £25.6m (£27.8m) reflecting lower selling prices but also higher product volumes, said Mr Moger Woolley, chairman.

Dolphin and DRG Plastics have agreed to settle their dispute which began in June 1991, after DRG brought legal proceedings against Dolphin regarding its rotary thermoforming process.

The agreement maintains the confidentiality of the process with Dolphin selling its rotary thermoforming machinery to DRG at an agreed commercial value.

Dinkie Heel

Dinkie Heel, which makes components for the shoe trade, suffered a fall in 1992 pre-tax from £259,000 to £201,000.

Actual turnover dropped from £7.29m to £6.67m. However, adjusting for the disposal of the Enterprise Group, there was a rise of 7 per cent including a 23 per cent improvement in exports.

Interest paid was cut to £86,000 (£107,000). Earnings worked through at 1.31p (1.82p) and the final dividend is 0.6p for an unchanged total of 0.95p.

Intl Food

International Food Machinery, which came to the market in December, announced a pre-tax profit for 1992 of £1.05m, compared with £6m which included an exceptional credit of £4.98m.

Losses on discounted activities were £578,000 (£297,000 profits). Turnover on continuing operations was £8.24m (£5.82m) and on discontinued operations, £1.37m (£790,000).

Earnings before the exceptional item were 6.79p (6.55p).

Home Counties

Difficult trading conditions and start-up costs of new publications meant Home Counties Newspapers suffered a 29 per cent fall in pre-tax profits from £1.06m to £747,000 in 1992. Turnover edged ahead from £21.5m to £22.9m.

As forewarned at the interim stage, the final dividend has been cut from 5.5p to 3.25p for a total of 6p (8.25p).

The result included exceptional gains of £512,000 (restated £189,000) on the sale of investments.

Wescol

Wescol, the USM-quoted constructional steelwork and steel products group, returned profits of £13,000 pre-tax for the six months to January 31 compared with previous losses of £379,000.

Turnover on continuing operations amounted to £8.15m (£7.77m). Earnings worked through at 0.1p (losses of 3.6p).

WSG

Reduced pre-tax losses were announced by Westminster Scaffolding Group, the USM-quoted scaffolding and property group, for the year to October 31.

On lower turnover of £6.18m (£8.22m) the pre-tax loss amounted to £2.19m (£3.41m) after an exceptional charge of £143,000 (£2.03m).

Losses worked through at 7.6p (18.3p).

Tharsis

Tharsis, the Glasgow-based group mainly involved in property development in Spain, continued the recovery made in the first half and for the year to December 31 achieved pre-tax profits of £499,347, compared with a loss of £290,104.

The results benefited from an exchange gain of £363,000.

Turnover was reduced to £300,797 (£426,733). The proposed final dividend of 1p (nil) makes a total of 6p (3p), payable from earnings of 19.42p (5.32p losses).

FKI

FKI, the electrical engineering group, has sold a Canadian chair control business for $10m (£7m) as part of its plans to dispose of non-core and poorly performing activities.

The company, Doerner, had annual sales of about £12m but was barely making a profit. It was being sold for its book value to Northfield Metal Products. Proceeds came in just before FKI's March year-end. By last September, net debt had been reduced to £50m.

Ladbroke

Ladbroke Group has enhanced the value of the scrip alternative regarding its final cash dividend of 6.23p for 1992.

Shareholders will be offered the opportunity to receive new ordinary shares to the value of 9.345p in respect of each ordinary share – 50 per cent more than the cash value of the proposed 1992 final payment.

Denistron

Denistron International, the electronic components group, swung from losses of £377,000 to profits of £1.01m pre-tax for 1992. The shares rose 5p to 32p.

Earnings of 4p per share compared with losses of 5.5p. A proposed final dividend of 1p makes a 1.4p (nil) total.

Corp Services

Corporate Services, the employment service group which derives 80 per cent of revenue from temporary and contract labour, cut its 1992 deficit from £2.13m to £604,000 after turning round to a profit of £248,000, from a loss of £1.6m, at the trading level.

An exceptional charge of £282,000 related to restructuring, and interest costs came to £570,000 (£467,000).

Turnover in the second half was some 28 per cent more than in the first, with a subsequent bias regards profitability. Losses came through at 1.85p (9.32p).

Roskel

After £2.4m for exceptional charges Roskel, an installer and distributor of suspended ceiling systems, ran up a pre-tax loss of £1.2m for 1992, compared with a profit of £1.57m.

Losses came to 5.46p (earnings 7.22p). The final dividend is 3p for an unchanged total of 4.3p.

Turnover in 1992 rose from £43.8m to £47.5m. Again bad debts and related costs took their toll, amounting to £859,000 (£930,000).

COMPANY NEWS: UK

600 jobs to be axed in shake-up at Seeboard

By Michael Smith

SEEBOARD, distributor of electricity for the south-east of England, is to cut its headquarters staff by a fifth in one of the most significant decentralisation programmes implemented by an electricity company since privatisation.

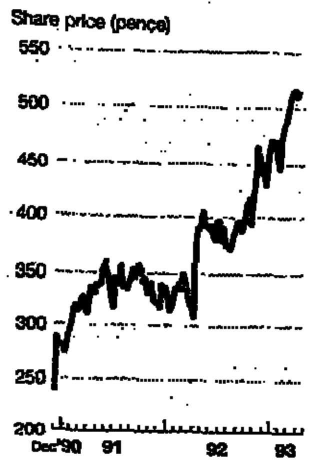
Mr Jim Ellis, chief executive, announced the changes yesterday along with up to 600 job losses, boardroom changes and the appointment of a consultancy to manage computing and information technology activities.

From the middle of next year Seeboard will move its headquarters to Forest Gate, Crawley, West Sussex. The eventual aim is to have 100 headquarters staff, compared with 500 at the existing base in Hove.

About 100 jobs will disappear and the remainder will be transferred to other locations. Mr Ellis said the headquarters move would reduce overheads and improve operational management and control of the businesses. This would be reinforced by the creation of three "business streams", each to be run as a separate profit making business with "clearer lines of accountability and responsibility".

Seeboard

Share price (pence)



Source: FT Graphite

The company will be divided into distribution, responsible for the cables network and overhead lines; supply, responsible for buying and selling electricity and gas; and business, responsible for retailing, electrical contracting and other activities.

Customer services will support distribution and supply through three enlarged units at Hove, Croydon and Hythe. Three other units will close. The computing and IT activities are to be run by Andersen Consulting.

Mr Ellis said between 500 and 600 job losses would take place over the next year or so from the existing staff of 5,600. The company was confident this could be achieved largely through voluntary means, in conjunction with retraining and redeployment. About 400 people over the age of 55 had already indicated a desire to leave.

The board changes involve Mr John Quinn, 53, who becomes group finance director, Mr Len Jones, 61, managing director of distribution, Mr Stephen Gutteridge, 38, managing director of supply, and Mr John Weight, 45, managing director of the business group.

Three of them are already boardroom members. Mr Weight will join the board in July.

Mr Terry Boley and Mr Maunder Wide are retiring this year from their jobs as corporate strategy director and company secretary. Both are board members.

Other management appointments are Mr Rod Danes, 46, as director of customer services, Mr Tony Smith, 43, director of resources and Mr Mike Nagle, 40, company secretary.

Market awaiting decision on how £428m cash pile will be spent

MB-Caradon shows advance to £125.7m

By Angus Foster

FALLING UK profits at MB-Caradon, the building products and security printing company, led to its first write off of advance corporation tax at a cost of £3.4m.

Mr Anthony Hichens, chairman, said ACT this year would have been an even greater problem without last week's sale of the stake in CarnaudMetalbox, the packaging company.

The problem should disappear as the UK economy recovers, especially if Caradon uses its £428m cash pile to buy a UK company, he said.

Pre-tax profits increased from £106.4m to £125.7m in 1992 while turnover fell 2 per cent to £664.4m.

UK profits were hit by continuing recession and one-off costs. At Everest, the replacement window and double glazing company, about £2m was lost after the company mistimed recovery.

A further £3m of disruption costs were incurred in commissioning new radiator plants in the UK.

In total, and including US restructuring, the company spent £11.7m on reorganisation during the year.

Year end net borrowings increased by £4.3m to £44.9m, giving gearing of 9 per cent on shareholders' funds of £525.1m.

On a fully diluted basis, earnings increased to 15.8p (15p) per share. The final dividend of 5.9p makes a total of 8.65p (8.43p).

The shares fell 2p to 318p.

● COMMENT

Hardly surprisingly, the market was far more interested in Caradon's takeover plans than yesterday's results – almost every name in the building materials sector has now been mooted as a target. Caradon insists it will not be hurried into making its move; equally, it will not wish to be seen to dither, especially with UK interest rates this low. The company appears to be preparing itself and its followers for a significant bid, preferably on a friendly rather than hostile basis, and it is likely to start looking in the UK or, possibly, Germany. Meantime, forecasting profits for this year will be difficult because of the exceptional and currency gains. But underlying earnings are likely to be little changed, reflecting recovery in the UK and US against a slowdown in Europe and the replacement of CMB profits by interest earnings. On that basis, the shares are trading on 20 times and look fully valued, even if investors decide Caradon now deserves to be rated as a building materials company rather than a conglomerate.

Heavy carpet losses leave Lamont 22% lower

By Peggy Hollinger

HEAVY LOSSES in a carpet subsidiary helped to depress pre-tax profits at Lamont Holdings, the Northern Ireland-based textiles company. Yesterday it reported a 22 per cent decline for 1992, from £8.11m to £6.3m.

Mr Richard Milliken, chief executive, said the fall reflected a £2m loss in Shaw Carpets and a further £1m deficit in the computer business.

Steps had been taken to stem the losses, including the reduction of Shaw's workforce by 17 per cent and a refocus of the company on less expensive volume products.

This latter tactic was expected to recoup some of the market share lost in a competitive sector. Lamont estimated that the market as a whole had declined by 10 per cent, while Shaw's turnover had fallen some 18 per cent.

Margins – which had dropped by 3 to 4 per cent during the year – continued to present difficulties.

Total costs of rationalising the loss-making businesses came to about £250,000 in 1992. A further £400,000 in costs would be taken in the current year. Mr Milliken said the full benefits of rationalisation were not expected to feed through until 1994.

Regarding ICS Computing, Mr Milliken said Lamont was still in discussions over a sale.

Group turnover was 6 per cent higher at £115.5m, including a seven-month contribution from textile printer Alexander Drew & Sons. This business produced profits of not less than £3m in that period.

Mr Milliken said other businesses had performed reasonably well, either virtually maintaining or increasing profits.

Capital expenditure was increased from about £4m to £11m, with just over half spent on two carpet operations. As a result of this investment and debt acquired with Alexander Drew, interest payments rose from £68,000 to £698,000. Mr Milliken said the group aimed to reduce its debt as a percentage of shareholders' funds from 24 per cent to roughly 12 per cent.

Mr Milliken said the outlook for the current year was better, with Lamont expecting to reduce the losses at Shaw. As a result, the final dividend is maintained at 8.5p, for an unchanged total of 12p. Earnings, partly depressed by the 1-for-4 rights last year to pay for Alexander Drew, fell from 21.84p to 16.09p.

However, Mr Milliken remained "cautious and cagey" considering the lack of any sign of real upturn in the markets served by the carpet companies. "We do not anticipate any help from the market this year," he said.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
BG Technology ....fin	nil	-	0.2	-	0.2
Denistron Intl ....fin	1	June 19	nil	1.4	nil
Dinkie Heel ....fin	0.6	July 1	0.6	0.95	0.95
Dolphin Pkg ....fin	2.8	May 27	2.8	4.5	4.5
Highland Dist ....int	1.6	June 7	1.45	-	6
Home Counties ....fin	3.25	May 21	5.5	6	8.25
Lamont ....fin	8.5	July 1	8.5	12†	12
Ldn & Manchester ....fin	9.6	June 17	9.144	14.25	13.572
MB-Caradon ....fin	5.9	June 14	5.75	8.65	8.5
MGN ....fin	nil	-	nil	nil	0.8
Morgan Crucible ......fin	6.85	July 6	6.85	12.6	12.6
Roskel ....fin	3	June 4	3	4.3	4.3
Scottish TV ....fin	8.2031	June 7	6.5625	9.9281	8
T&S Stores ....fin	3.5	May 28	3.25	5.9	5.5
Thompson Clive ......fin	3.8	-	3.8	3.8	3.8

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Manchester United, TIP Europe.

Finals- Aegis, Aran Energy, City Centre Restaurants, Epwin, FBD, Frost, Independent Newspapers, International Business Communications, Ipeco, Metsec, Norish, Scottish Heritable Trust, Tesco, Torday & & Carlisle, United Friendly, Wilkes (James).

FUTURE DATES

Interims-

Jersey Electric	Apr. 23
Yorkshire-Tyne Tees TV	May 18

Finals-

Ashley (Laura)	Apr. 14
Barry Starquest	Apr. 23
Boosey & Hawkes	Apr. 20
Holt (Joseph)	Apr. 23
Moss Bros	Apr. 26
Quarto	Apr. 16
Tudor	Apr. 15
Yule Catto	Apr. 14

Zinc rises after cuts in America

By Kenneth Gooding

LOW METAL prices are forcing more lead-zinc mines to reduce output but on the London Metal Exchange yesterday only zinc showed a substantial recovery on news of cuts in Canada and Mexico.

Zinc for delivery in three months rose by nearly 1.5 per cent, or US$13.75 to $1,020.25 a tonne, as the market absorbed analysts' estimates that the cuts would this year remove about 110,000 tonnes of refined zinc and 74,000 tonnes of lead.

Empresas Frisco in Mexico has suspended operations at its Real de Angeles zinc-lead-silver mine and Curragh Resources has stopped producing concentrates at its Faro mine in the Yukon. This follows recent reductions by MIM, Pasminco, Cominco and Noranda.

Mr Neil Buxton, analyst at Metal Bulletin Research, suggested that the lead market had reached a turning point and prices, which had fallen much further than most people expected, had reached bottom. (On the LME, three-month lead closed at £283.25 a tonne last night, up £0.50.)

Mine production cuts and the fact that new mines produced more zinc and less lead were causing a shortage of lead concentrate (an intermediate product).

Lead smelters would have to cut production because they were running out of raw material - "but whether this will take one month or six months I can't tell."

Mr Buxton said zinc smelters were just about breaking even and had shifted the burden of low prices on to the mines. He said the smelters were acting "from short-term self-interest which will prolong the mutual agony."

Aluminium industry warned of smelter shortage

By Kenneth Gooding, Mining Correspondent

WARNINGS THAT a lack of new primary aluminium smelting capacity will leave the aluminium supply-demand balance extremely tight by 1996, forcing prices up to unusually high levels, have come from two experienced industry observers.

Both suggest that the industry and its financial backers will want to see aluminium prices at about 75 cents a lb (US$1,653 a tonne) for a sustained period before giving the go-ahead for any big expansion in capacity. It would then take about three years to get a smelter into full production.

Three-month aluminium closed yesterday on the London Metal Exchange off $6.25 at $1,141 per tonne, a 14½ month low.

Mr Stewart Spector, of the New York-based Spector Report consultancy organisation, points out that the industry plans no new primary smelting capacity before 1996. At the end of 1992 western world capacity was 16m tonnes, up nearly 4 per cent from the 15.3m tonnes at the end of the previous year. Planned modernisation of existing smelters, offset to some extent by scheduled closures, could boost capacity to 16.1m tonnes by 1995 - an increase of only 0.6 per cent in two years.

Mr Spector says 1.8m tonnes of new capacity is planned for completion between 1996 and 1998. "However, until the supply-demand, pricing and profit outlook improves, only South Africa's new 466,000-tonne smelter [Alusaf's at Richards Bay] is likely to be built."

China has several new projects under various stages of construction but many are behind schedule and, "as the Chinese economy expands and integrates itself with the rest of the world, they could close many of their smaller, inefficient smelters. These small smelters currently account for about one-third of China's installed capacity of 1m tonnes," says Mr Spector in his annual survey of aluminium capacity and expansion plans.

The industry's present problems stem from very low prices caused by a sudden surge in imports from the former Soviet Union and the failure of the western producers to cut output quickly enough, the two observers point out.

Mr Tony Bird of the UK-based Anthony Bird Associates consultancy organisation, suggests that the flow from Russia will dry up eventually. He estimates that Russian costs at present average only 24.5 cents a lb compared with the western average of 54 cents. "But this will change dramatically when Russian plants pay true economic prices for their inputs and their natural inefficiency shows through," he adds. "In time Russian costs will rise to 82 cents in constant 1992 money and all but one or two smelters will be uncompetitive on western markets."

Mr Bird estimates aluminium consumption during the 1990-2003 period will grow at an average 3.2 per cent a year, in line with industrial production growth. But "growth will come in bursts, rather than in a steady stream, thanks to the fluctuations in prices which lie ahead." He suggests, in Bird's latest aluminium annual review, that consumption growth will be rapid in 1995-1996 and then be checked for a time by rising aluminium prices before moving ahead faster again from 1999 onwards.

In contrast, aluminium companies at present plan increases in primary smelter capacity of only 1.2 per cent a year - "quite inadequate to provide for likely growth in demand, the need to retire more uneconomic plants and the coming collapse in net exports from the former Soviet Union." Mr Bird adds: "The rate of new smelter construction will have to be revised upwards sharply. And that will not of course happen unless prices recover substantially."

"The Spector Report. Primary aluminium capacity and expansion: 1992-1998" from PO Box 467, Hewlett, New York 11557, US. "Aluminium Annual Review", £950. Anthony Bird Associates, 193 Richmond Road, Kingston, Surrey KT2 5DD, UK.

PRESENT AND PLANNED PRIMARY ALUMINIUM INGOT CAPACITY (thousands of tonnes)

Year end: Dec 31	1990	1991	1992	1993	1994	1995	1996	1997	1998
North America	5,759	6,002	6,440	6,440	6,440	6,435	6,435	6,435	6,435
Latin America	1,784	2,039	2,000	2,005	2,012	2,031	2,171	2,366	2,616
Western Europe	3,637	3,616	3,534	3,529	3,485	3,501	3,548	3,745	3,749
Eastern Europe	4,391	4,316	4,224	4,264	4,264	4,264	4,264	4,264	4,264
Africa	637	637	637	637	640	700	1,188	1,248	1,348
South Asia	1,345	1,403	1,571	1,696	1,696	1,705	1,748	1,818	2,038
East Asia	54	36	36	36	36	36	36	36	36
China and North Korea	970	970	1,130	1,130	1,250	1,250	1,350	1,500	1,610
Oceania	1,519	1,529	1,665	1,676	1,696	1,716	1,750	1,780	1,780
Total world	20,096	20,546	21,338	21,413	21,519	21,638	22,490	23,215	23,876

Source: The Spector Report

Armed gangs block Papua gold plan

By Kevin Brown in Sydney

CRA, the Australian mining group, has abandoned plans to produce gold in the Mount Kare region of Papua New Guinea, drawing renewed attention to the touchy relationship between the government and foreign resources companies.

The withdrawal, announced in Port Moresby on Sunday, comes three weeks after CRA evacuated Mount Kare, claiming that staff were being threatened by rival gangs of armed landowners.

The group rejected demands for an apology from the government, which claimed that the evacuation was related to a financial dispute between CRA and Kare-Puga Development Corporation (KDC), the landowners company.

CRA agreed in October to transfer to KDC its 51 per cent stake in a joint venture which owns an alluvial goldfield in the area around Mount Kare. The remaining shares are owned by KDC.

The group had intended to retain the rights to prospect for hard-rock gold deposits, but appears to have given up hope that the security problems in the area can be overcome.

CRA said "disproportionately high costs," had been incurred at "great effort and risk," in an attempt to stabilise the Mount Kare project in the interests of landowners and the good name of the Papua New Guinea mining industry.

Bafokeng chief to join Impala Platinum board

By Philip Gawith in Johannesburg

THE GRADUAL return to health of Impala Platinum, South Africa and the world's second largest producer, continues with the announcement yesterday that acting chief Mokgwaro George Molotlegi had accepted an invitation to join Impala's board as a representative of the Bafokeng tribe.

The Bafokeng tribe is an important player as it owns the land that Impala mines. Doubt has in the past been cast over the security of Impala's lease owing to disputes about who represents the Bafokeng tribe.

Mr Michael McMahon, executive chairman of Impala commented yesterday: "This is a significant step in furthering our relationship with the Bafokeng tribe, who are a vital part of our operations."

The Bafokeng do not own equity in Impala, but in terms of a royalty agreement are entitled to 13 per cent of taxable income.

Daniel Rappaport tells **Laurie Morse** his plans as the new head of Nymex

A quieter style of management

Daniel Rappaport

MR DANIEL Rappaport, elected two weeks ago as chairman of the New York Mercantile Exchange, the world's fourth-largest futures exchange, plans to build on the ambitious expansion and cost-saving plans he has inherited from his predecessor, the five-year incumbent, Mr Lou Guttman. But he is not planning to step into Mr Guttman's larger-than-life image.

After a hard campaign, disrupted by the blast at the Nymex's World Trade Center location, Mr Rappaport wants to keep a low profile in his new job. "You will notice I have a different management style," he says. "I think the exchange should be run most appropriately by staff. I'm basically in charge of managing the board."

The Brooklyn native, who trained for the law but quickly took up the frenzied life of a crude oil futures trader, has been vice chairman of the Nymex for two years, and acted as chairman for four months last year when Mr Guttman took leave to address pending legal problems.

As a result he is well acquainted with Nymex issues. One of the most pressing is the exchange's agreement to move into a Manhattan building owned by Shearson, the former American Express unit. Shearson's acquisition by Primerica this month requires a renegotiation of Nymex's lease, and will delay the move to late 1994, Mr Rappaport says. He intends to preserve the $70m in concessions contributed to the building deal by New York City. Primerica, he says, has its own uses for the building, and is reconfiguring Nymex space. "We will get the same amount of space, but maybe not the proximity to the trading floor that we wanted."

The Nymex board is currently considering a bid for Comex (the New York Commodity Exchange), the metals market that the Chicago Board of Trade is negotiating to absorb. Mr Rappaport has appointed a committee to review the issue. "I think if we were able to acquire the Comex on favourable terms, it would be good for the New York markets as a whole," he says, noting the Chicago bid had been resented by the often-fragmented New York trading community.

Like any chief executive, Mr Rappaport is also looking for new profit opportunities for his shareholders - Nymex members. While the Nymex has been hugely successful in its energy products, "we don't want to limit ourselves to energy areas exclusively," he says.

He is considering building on the Nymex's successful platinum contract by launching markets in metals not listed on the Comex - and creating some direct competition for the London Metals Exchange. "It is interesting that the LME has been having record volume while the Comex is faltering," he says.

The LME's biggest contracts are high-grade aluminium, copper, and zinc.

Mr Rappaport's other product initiative will be a financial market that could be traded over the Nymex's electronic trading system, Access, which was developed with American Telephone and Telegraph. He is investigating creating a screen-based market for high-yield or "junk" bonds.

The Access system is slated to go on-line later this year. Nymex is under pressure to find products to list on its screens, since its contract requires the exchange to pay AT&T $4m to $6m a year in fees, regardless of the volume Access trading generates.

Frances Williams on a United Nations fund in crisis

Millions of dollars and nothing to spend it on

ORIGINALLY conceived as a central loans fund for commodity accords with buffer stocks, the United Nations Common Fund for Commodities faces a serious identity crisis.

The Amsterdam-based organisation, set up in 1989, is sitting on millions of dollars it cannot use, as, one by one, the few remaining commodity agreements with economic clauses have fallen by the wayside. At the same time, the financing of commodity development projects, the fund's secondary function, has been painfully slow to get off the ground.

The 105 members have put up $140m in cash and promissory notes for its first account which, under the 1980 agreement governing fund operations, can only be used to lend for buffer stock operations. The interest on this money - just over $7m last year - finances the $3m-$4m annual budget of the 25-strong secretariat, with the surplus going into a special reserve.

Even before the fund was set up, it was clear that in the foreseeable future it would have little use for the first account. The collapse of the tin accord in the mid-1980s, and a steady downward trend in real commodity prices stoked by oversupply, had already dampened enthusiasm for market intervention to boost prices.

In the past few weeks, the latest attempts to renegotiate price stabilisation agreements for coffee and cocoa have failed, and the rubber accord, the only commodity pact that still has an operational buffer stock, looks like going the same way.

This situation has led to calls by some fund members for first-account funds to be returned unless a good use can be found for them. Meanwhile, Australia has left the organisation and Canada will follow later this year. (The US, though a signatory, never ratified the Common Fund accord.)

Last year the organisation established a working group to advise on future options, in particular on shifting first-account resources to the fund's second account, which finances small-scale research, development, marketing and diversification projects.

However, the group's interim report shows that relatively little can be done without a lengthy renegotiation of the 1980 agreement - one reason why it rejected an unofficial proposal by a World Bank staffer to use first-account money for commodity hedging schemes. "The fund is imprisoned by an agreement drafted over 20 years ago, since when the whole commodities situation has changed," says a working group member.

An executive board meeting last week (March 29-31) proposed that member states that had not yet allocated all their allotted shares in the fund should allocate the remainder to the second account for project loans. But it postponed a decision on using surplus interest on first-account funds for a revolving fund to finance project preparation costs until the need was established.

The second account, which has so far received $73m in voluntary government contributions, is not currently constrained by lack of cash. Since 1989, to the irritation of many members, the fund has approved only 11 projects worth about $9.3m in total.

Officials blame the slow start mainly on the inexperience of international commodity bodies in drawing up suitable project proposals. The fund will shortly publish a project preparation manual showing how it should be done, with an emphasis on projects to help the least developed countries.

In the meantime, approvals have risen from just one in 1991 to five in 1992 and perhaps 10-12 this year, including five projects authorised by the executive board at its last meeting.

This is all a far cry from the fund's original purpose - but some developing countries have not written it off yet. "The fund may seem a bit irrelevant at the moment - but with the whole world economic system in turmoil who knows what will be the situation in five years' time?" muses one third world delegate.

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER touched five-week lows on the LME, helping to push **ALUMINIUM** down to 14½-month lows. Further losses are likely in both metals, dealers said. Copper's decline stemmed from the fall below $2,155-$2,160 for three-month metal. Dealers will be looking for support around $2,130 to hold, ahead of tomorrow's April option declarations, although falls towards long-term support near $2,100 are possible. **GOLD** was still consolidating its position on the London bullion market and would probably remain for now between $338 and $340 a troy ounce, dealers said. Arabica **COFFEE** was lower at midday in New York after scoring life-of-contract lows across the board in early trading. There was no buying interest and volume was thin. One analyst said the recent break below 59.20 cents for May had set the stage for a move to 48 cents over the next few weeks. In London the May robusta contract managed to hold key support at $852 a tonne. The only possible supportive factor was the likely absence of origins owing to the imminent Easter holidays.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.52-6.61u	-.025
Brent Blend (dated)	$18.84-8.87	+.015
Brent Blend (May)	$19.04-9.07u	+.015
W T I (1 pm est)	$20.54-0.56u	+.025
Oil products (NWE prompt delivery per tonne CIF		**+ or -**
Premium Gasoline	$209-211	
Gas Oil	$181-183	+0.5
Heavy Fuel Oil	$78-80	+0.5
Naphtha	$175-176	-1.0
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$339.15	-0.6
Silver (per troy oz)♣	390.5c	-4
Platinum (per troy oz)	$363.75	-1.75
Palladium (per troy oz)	$114.75	-0.25
Copper (US Producer)	101.0c	
Lead (US Producer)	34.63c	+1.13
Tin (Kuala Lumpur market)	14.38r	+0.07
Tin (New York)	261.0c	+0.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	138.59p	+3.60*
Sheep (live weight)†♣	135.61p	+1.28*
Pigs (live weight)†	91.62p	+1.07*
London daily sugar (raw)	$298.6	+3.6
London daily sugar (white)	$296.0	-1.5
Tate and Lyle export price	£309.0	+4
Barley (English feed)	£144.5u	+1
Maize (US No. 3 yellow)	£171.0	
Wheat (US Dark Northern)	Unq	
Rubber (May)♥	60.50p	-0.25
Rubber (Jun)♥	61.00p	-0.25
Rubber (KL RSS No 1 Apr)	215.5m	-1
Coconut oil (Philippines)§	$387.5v	-2.5
Palm Oil (Malaysian)§	$410.0	+5
Copra (Philippines)§	$265	+5
Soyabeans (US)	£178z	+2
Cotton "A" index	60.50c	
Wooltops (64s Super)	357p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-May/Jun u-May. x-Apr. z-Apr/May ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR - London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Aug	279.00	268.60	287.20	
Oct	267.00	245.80	245.00	
White	**Close**	**Previous**	**High/Low**	
May	299.50	299.00	303.00	297.50
Aug	306.00	306.50	310.00	304.50
Oct	293.50	290.50	295.00	293.00
Dec	291.50	-	291.50	291.40
Mar	291.50	-	292.00	290.20
May	295.00	-	295.00	294.20
Aug	299.50	-	299.50	

Turnover: Raw 9 (6) lots of 50 tonnes. White 1470 (1013) Paris- White (FFr per tonne): May 1627.80 Aug 1667.44

CRUDE OIL - IPE ($/barrel)

	Latest	Previous	High/Low	
May	19.05	19.11	19.23	19.03
Jun	19.14	19.16	19.29	19.11
Jul	19.06	19.09	19.23	19.03
Aug	19.09	19.11	19.21	19.09
Sep	19.24	19.14	19.24	
Oct	19.26	19.17	19.26	
IPE Index	19.09	19.01		

Turnover 22275 (23206)

GAS OIL - IPE ($/tonne)

	Close	Previous	High/Low	
Apr	179.50	178.25	180.75	179.25
May	176.25	174.50	177.00	175.50
Jun	174.75	173.25	175.50	174.25
Jul	175.25	174.25	176.25	175.25
Aug	177.25	175.75	177.75	177.50
Sep	179.00	177.50	179.75	179.25
Nov	183.00	182.50	183.00	183.00

Turnover 14010 (15174) lots of 100 tonnes

TEA

There was good but selective landed demand reports the Tea Brokers Association. The few brightest East African teas sold well at firm to dearer rates. All other descriptions were irregularly 5 to 10p lower. Offshore fairly widespread demand although prices were 3 to 5p easier. The highest price realised this week was 181p for a Rwanda pf 1. Quotations: quality 155p, nom good medium 125p, medium 120p low medium 92p.

COCOA - London FOX (£/tonne)

	Close	Previous	High/Low	
May	678	678	682	675
Jul	691	692	695	688
Sep	704	705	708	701
Dec	724	724	726	720
Mar	743	744	744	740
May	757	757	756	753

Turnover: 2973 (3808) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 2 692.52 (712.38) 10 day average for Apr 5 702.32 (704.75)

COFFEE - London FOX ($/tonne)

	Close	Previous	High/Low	
May	857	868	865	852
Jul	827	839	838	823
Sep	837	849	850	833
Nov	849	860	860	845
Jan	858	874	870	859
Mar	873	882	875	

Turnover: 2657 (1307) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 2: Comp. daily 51.73 (52.00) 15 day average 53.46 (53.68)

POTATOES - London FOX (£/tonne)

	Close	Previous	High/Low	
Apr	40.0	46.9	50.0	40.0
May	40.0	45.0	40.0	
Apr	91.0	91.8	92.5	91.0

Turnover 349 (155) lots of 20 tonnes.

SOYAMEAL - London FOX (£/tonne)

	Close	Previous	High/Low
Jun	138.50	137.00	138.50

Turnover 3 (20) lots of 20 tonnes.

FREIGHT - London FOX ($10/index point)

	Close	Previous	High/Low	
Apr	1435	1430	1440	1435
May	1415	1410	1425	1410
Jul	1280	1250	1260	
BFI	1485	1493		

Turnover 45 (84)

GRAINS - London FOX (£/tonne)

Wheat	Close	Previous	High/Low
May	143.55	143.50	143.55
Nov	110.50	110.65	110.50
Barley	**Close**	**Previous**	**High/Low**
May	139.75	140.00	139.75

Turnover: Wheat 81 (152), Barley 48 (87).
Turnover lots of 100 Tonnes.

PIGS - London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	105.00	104.3	103.5

Turnover 2 (5) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 41,398 lots	
Cash	1117.5-8.5	1125-6		1119.5-20.0		
3 months	1140.5-1.5	1147-7.5	1147/1138	1142-2.5	1139.5-40	158,432 lots
Copper, Grade A (£ per tonne)					Total daily turnover 50,248 lots	
Cash	1388.5-9.5	1410.5-1.5	1392/1391.5	1391.5-2.0		
3 months	1415-6	1436-7	1420/1415	1419.5-9.0	1415-6	165,036 lots
Lead (£ per tonne)					Total daily turnover 3,518 lots	
Cash	273-4	273.5-4.5		273.5-4.5		
3 months	283-3.5	282.5-3	287/283	282-3.5	283.5-4.5	19,659 lots
Nickel ($ per tonne)					Total daily turnover 5,704 lots	
Cash	6110-20	6070-80		6110-5		
3 months	6183-5	6140-5	6220/6160	6180-5	6180-90	44,164 lots
Tin ($ per tonne)					Total daily turnover 2,259 lots	
Cash	5640-50	5620-30		5660-5		
3 months	5700-05	5680-90	5710/5685	5720-5	5680-90	9,472 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 8,867 lots	
Cash	1001-2	987.5-8.5		1004-5		
3 months	1020-0.5	1006-7	1024/1006	1023-4	1015-6	68,218 lots

LME Closing £/$ rate: SPOT: 1.5214 3 months: 1.5115 6 months: 1.5014 9 months: 1.4972

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	339.00-339.30	
Opening	339.10-339.40	
Morning fix	339.35	223.389
Afternoon fix	339.25	223.308
Day's high	340.00-340.30	
Day's low	338.50-338.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.63	6 months	2.46
2 months	2.58	12 months	2.49
3 months	2.51		

Silver fix	p/troy oz	US cts equiv
Spot	254.20	385.75
3 months	257.75	388.50
6 months	261.45	391.75
12 months	268.30	398.45

GOLD COINS

	$ price	£ equivalent
Krugerrand	338.00-342.00	223.00-225.00
Maple leaf	349.50-351.75	-
New Sovereign	80.00-83.00	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Aug	May	Aug
1100	31	59	4	11
1125	15	43	13	19
1150	6	29	29	30
Copper (Grade A)	**Calls**		**Puts**	
2100	48	85	22	35
2150	23	58	46	57
2200	9	37	82	85
Coffee	**May**	**Jul**	**May**	**Jul**
850	28	29	21	52
900	10	15	53	88
950	3	9	96	132
Cocoa	**May**	**Jul**	**May**	**Jul**
700	6	29	28	38
725	2	21	49	55
750	1	14	73	73
Brent Crude	**May**	**Jun**	**May**	**Jun**
1850	-	-	-	17
1900	21	53	11	30
1950	5	25	41	-

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	339.5	340.9	340.0	338.4
May	340.3	341.6	0	0
Jun	341.0	342.3	341.5	340.0
Aug	342.3	343.7	342.8	341.7
Oct	343.6	345.0	343.7	0
Dec	345.0	346.5	345.6	344.4
Feb	346.5	348.0	347.0	346.5
Apr	348.0	349.6	348.7	348.2
Jun	349.5	351.1	349.5	349.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	390.7	395.7	387.0	387.0
May	391.8	396.8	393.0	388.5
Jun	393.1	398.1	393.0	388.0
Jul	394.3	399.4	395.5	389.0
Sep	396.8	401.9	398.0	391.5
Dec	400.5	405.6	402.0	395.5
Jan	400.9	406.0	0	0
Mar	404.4	409.5	405.0	402.0
May	406.9	412.1	0	0
Jul	409.5	414.8	410.0	410.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	94.05	94.80	94.30	93.90
May	94.55	95.25	94.70	93.70
Jun	94.95	95.65	94.80	94.70
Jul	95.40	96.05	95.60	94.90
Aug	95.80	96.45	95.70	95.70
Sep	96.20	96.85	96.30	95.60
Oct	96.35	97.00	96.60	96.60
Nov	96.70	97.30	0	0
Dec	97.20	97.75	97.40	97.00
Jan	97.40	97.90	97.50	97.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	20.59	20.65	20.75	20.49
Jun	20.77	20.83	20.93	20.69
Jul	20.82	20.86	20.98	20.75
Aug	20.85	20.90	20.96	20.79
Sep	20.83	20.89	20.95	20.80
Oct	20.83	20.87	20.90	20.88
Nov	20.90	20.85	0	0
Dec	20.76	20.83	20.85	20.73
Jan	20.73	20.80	20.83	20.70
Feb	20.79	20.77	20.80	20.79

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	57.00	57.24	57.55	56.70
Jun	56.70	56.72	57.05	56.45
Jul	56.75	56.77	57.05	56.55
Aug	57.25	57.31	57.50	57.10
Sep	58.20	58.27	58.50	58.20
Oct	59.20	59.22	59.40	59.20
Nov	60.35	60.10	60.35	60.35
Dec	60.85	60.96	61.25	60.85
Jan	61.36	61.36	0	0
Feb	61.11	61.11	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	902	901	913	889
Jul	931	931	941	918
Sep	959	955	967	948
Dec	994	990	1000	999
Mar	1024	1020	1030	1011
May	1044	1040	0	0
Jul	1064	1060	0	0
Sep	1086	1082	0	0
Dec	1116	1112	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	56.30	58.80	58.30	55.25
Jul	56.85	58.30	58.00	56.80
Sep	58.90	60.10	59.70	58.85
Dec	61.80	62.70	62.40	61.75
Mar	64.45	65.50	65.25	64.50
May	65.85	66.75	66.50	66.50
Jul	68.40	68.40	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.08	12.24	12.52	12.04
Jul	12.45	12.71	12.84	12.44
Oct	12.04	12.05	12.19	12.00
Mar	11.31	11.20	11.41	11.30
May	11.28	11.24	11.38	11.28
Jul	11.28	11.10	11.22	11.22

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	62.42	60.42	62.42	60.62
Jul	63.20	61.20	63.20	61.60
Oct	63.27	61.27	63.27	61.70
Dec	62.87	60.87	62.87	61.10
Mar	64.00	62.00	64.00	64.00
May	64.60	62.60	0	0
Jul	65.05	63.05	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	92.10	91.30	92.40	90.25
Jul	95.10	94.35	95.50	93.50
Sep	98.25	98.50	98.25	96.35
Nov	100.50	99.00	100.75	99.25
Jan	102.50	101.00	102.50	101.00
Mar	103.50	102.00	104.50	102.20
May	103.50	102.00	0	0
Jul	103.50	102.00	0	0
Sep	103.50	102.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 5	Apr 2	mnth ago	yr ago
1709.2	1708.7	1760.2	1630.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr 2	Apr 1	mnth ago	yr ago
Spot	125.78	N/A	124.08	116.77
Futures	126.64	N/A	127.44	121.25

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	593/6	596/4	595/0	589/4
Jul	598/6	601/6	600/4	594/6
Aug	601/6	604/0	602/4	598/0
Sep	603/4	605/2	604/0	599/2
Nov	608/0	610/4	609/4	604/0
Jan	615/6	617/6	616/4	612/0
Mar	622/0	624/2	624/0	619/4
May	626/0	628/0	626/0	624/0
Jul	629/0	630/0	0	0
Nov	612/0	612/0	612/0	608/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.37	21.33	21.40	21.06
Jul	21.64	21.56	21.66	21.35
Aug	21.72	21.65	21.72	21.50
Sep	21.86	21.78	21.90	21.60
Oct	21.95	21.85	21.95	21.70
Dec	22.15	22.15	22.20	21.90
Jan	22.17	22.15	22.18	22.00
Mar	22.30	22.32	22.30	22.05
May	22.33	22.42	0	0
Jul	22.33	22.52	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	186.1	187.6	187.2	185.5
Jul	187.2	188.6	188.2	186.6
Aug	187.9	189.5	188.8	187.7
Sep	189.0	190.3	189.7	188.5
Oct	189.7	191.3	190.4	189.4
Dec	191.7	193.4	193.0	191.3
Jan	191.8	193.5	192.8	191.8
Mar	192.5	194.2	193.0	192.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	229/6	230/6	230/2	228/6
Jul	235/4	236/4	235/6	234/0
Sep	239/6	240/6	240/0	238/6
Dec	245/4	246/2	245/6	244/2
Mar	252/2	253/0	252/4	251/2
May	256/2	257/0	256/2	255/6
Jul	258/6	260/4	259/6	258/2
Dec	251/0	250/6	251/0	249/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	350/4	355/0	355/4	350/0
Jul	315/2	318/2	318/4	313/2
Sep	318/0	319/6	319/4	317/0
Dec	328/0	328/6	329/0	326/4
Mar	332/6	333/0	333/0	332/0
Jul	321/0	322/0	321/0	321/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	81.150	80.525	81.200	80.475
Jun	76.150	75.725	76.175	75.425
Aug	72.450	72.125	72.575	72.050
Oct	73.825	73.500	73.950	73.400
Dec	73.850	73.525	73.975	73.500
Feb	73.250	72.850	73.550	73.000
Apr	74.600	74.200	74.800	74.250

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	47.550	48.200	47.650	46.975
Jun	53.425	54.925	54.700	53.425
Jul	52.225	53.325	53.000	51.825
Aug	49.625	50.500	50.450	49.000
Oct	44.450	45.100	45.000	43.850
Dec	44.875	45.200	45.050	44.550
Feb	44.750	45.050	44.750	44.150
Apr	43.400	43.800	43.800	43.150

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	48.825	50.150	49.900	48.200
Jul	48.475	50.975	50.500	49.000
Aug	46.525	47.825	47.625	46.200
Feb	43.425	44.150	44.450	43.425
Mar	43.025	43.500	43.550	43.025
May	44.300	0	0	0
Jul	44.300	0	0	0
Aug	44.300	0	0	0

Equities suffer from Wall Street blues

By Steve Thompson

THE FALL-OUT from Wall Street's 68-point Dow slide last Friday ensured another dismal performance by London's equity market yesterday. The FT-SE 100 Index ended a disappointingly slow session, the last of the financial year, a net 31.1 lower at 2,838.8, its third successive decline. The FT-SE Mid 250 Index performed slightly better, ending 17.7 down at 3,090.8.

But worries that Wall Street could have been heading for further substantial pressure yesterday proved unfounded when the US market opened some eight points higher before slipping away later in the session.

Taking its cue from Wall Street, which had plummeted on news of an imminent tobacco price war and a worrying fall in US bond prices, the Footsie opened more than 23 points lower. Much of the early pressure was triggered by the futures market, although dealers noted that activity in that area was relatively thin.

An early attempt at a rally saw the Footsie claw back some early weakness, reaching what turned out to be the day's best level, down 14.8, within an hour of the opening.

Thereafter, share prices did little more than drift easier in extremely subdued trading. Even the better than expected showing by Wall Street failed to shake London from its torpor. At its worst, shortly after Wall Street began trading, the Footsie was down 34.8.

Turnover yesterday was a disappointing 437m shares, one of the lowest levels since the turn of the year and almost certain to drive the value of customer business below the £1bn mark. The value of customer business in the market last Friday, in spite of the effect of the railway strike, was a healthy £1.47bn.

Dealers said yesterday's fall in the FT-SE 100 was slightly misleading. "The market does not feel under too much pressure," commented one leading marketmaker.

Another remarked that yesterday was one of the quietest trading sessions this year. He also pointed out that today's Jewish Passover holiday would affect the level of business in the market for the next couple of days.

Bank lending and money supply data, released in mid-morning, was said to have been in line with expectations and had little effect in the market. Gilts dipped around ¼ at the long end, while index-linked were $\frac{1}{16}$ easier.

BAT Industries shares continued to slide, with analysts reducing profits estimates after last Friday's shock news that Philip Morris is launching a substantial price-cutting initiative. The banking sector was looking vulnerable after last week's suspension of Queens Moat Houses, with Barclays notably weak following a bearish note issued by stockbroker Carr Kitcat & Aitken. Shares in the UK's leading bookmakers fell across the board after Saturday's Grand National fiasco.

Only 10 Footsie stocks managed to close in positive territory, with Wellcome, devasted last week by worries over its anti-Aids drug Retrovir, staging a good rally. Mirror Group was an outstanding performer, with the market more than pleased with the outlook for the newspaper group.

A handful of leading UK retailers recorded modest rises on the session, while Pilkington and Hepworth moved up as the market responded to speculation that MB Caradon could be about to launch a sizeable bid in the building sector.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group	9,700	67	-1½	Courtaulds	283	584	-5	Lonrho	2,000	84	+½	Shell Transport	2,700	577½	-½
Abbey National	3,400	376	-8	Dalgety	729	452	-14	Lucas	658	139		Siebe	374	449	-3
Albert Fisher	520	71		De La Rue	685	887	-8	MB Caradon	815	318	-2	Slough Ests	846	186	
Allied-Lyons	996	575	-5	Dixons	610	208	-3	MEPC	272	382	-2	Smith (W.H.) A	154	418	+2
Amstrad	1,000	33	-½	Eastern Elect.	1,000	480	+8	Manweb	107	538	+5	Smith & Nephew	1,100	156	-½
Anglian Water	361	644	-2	East Midland Elect.	407	470	+7	Marks & Spencer	2,200	341	-4	SmKl Beecham	2,500	413	-8
Argos	184	315	-3	Eng China Clays	403	440	-10	Midlands Elect.	523	494	+1	SmKl Beecham Uts.	1,100	360	-5
Argyll Group	4,000	337	-4	Enterprise Oil	105	467	-6	Morrison (Wm.)	487	157		Smiths Inds.	161	229	-2
Arjo Wiggins	2,600	184		Eurotunnel Units	208	463	+6	NFC	1,000	254		Southern Elect.	317	487	+8
Ass. Brit. Foods	134	484	-5	FKI	1,300	118	-1	NatWest Bank	1,500	497	-5	South Wales Elect.	85	651	+6
Ass. Brit. Ports	289	385		Fisons	1,300	194	-4	National Power	2,400	345	+½	South West Water	426	561	-2
BAA	935	800	-9	Foreign & Col. I.T.	441	221	-3	Next	1,100	172	-1	South West. Elect.	40	613	+5
BAT Inds.	8,200	885	-42½	Forte	4,600	179	-5	North West Water	277	524	-4	Southern Water	240	548	+5
BET	10,000	87	-2	Gen. Accident	1,000	584	-10	Northern Elect.	210	540	+5	Standard Chartd.	297	705	-9
BICC	349	350	-2	General Elect.	5,200	313	-1	Northern Foods	1,300	262	-3	Storehouse	1,400	198	-5
BOC	1,000	708½	-13½	Glaxo	2,300	578	-1	Norweb	122	526	+6	Sun Alliance	630	339	
BP	2,700	301½	+1½	Glynwed Int.	522	285	-7	Pearson	579	417	+6½	T&N	310	185	-4
BPB Inds.	1,200	204		Granada	1,800	403		P & O	358	584	-7	TI Group	1,100	286	-4
BT	5,900	434	-6	Grand Met.	2,500	424	-6	Pilkington	1,700	117	+3	TSB	1,800	175	-6
BTR	2,100	610	+1	GUS A	318	1618	+5	PowerGen	611	345		Tarmac	1,000	124	
Bank of Scotland	951	128½	-3½	GRE	701	178	-6	Prudential	2,700	332	-1	Tate & Lyle	1,200	428	-2
Barclays	2,200	405	-10	GKN	451	457	-5	RMC	640	617	-15	Taylor Woodrow	1,000	89	-1
Bass	1,800	550	-1	Guinness	5,200	489	-7	RTZ	637	685	-8	Tesco	6,400	231	-2½
Beresford Int.	224	128	-1	HSBC (75p shs)	3,800	675	-3	Racal	418	208	-1	Thames Water	516	555	
Blue Circle	480	219	-6	Hammerson 'A'	81	348	-3	Rank Org.	210	689	+1	Thorn EMI	820	874	-8
Booker	550	388	-10	Hanson	4,100	231	-1½	Reckitt & Colman	597	612	-3	Tomkins	2,700	244	-3½
Boots	766	472	-6	Hanson Warrants	614	23½	-½	Redland	1,100	423	-5	Trafalgar House	1,800	78	+1
Bowater	456	480	-7	Harrisons Crosfield	319	192	-½	Reed Intl.	407	570	+5	Unigate	118	372	-1
Brit. Aerospace	1,600	271	-10	Hillsdown	1,700	154	-5	Rentokil	789	217	-2	Unilever	1,900	1163	-26
British Airways	5,700	275	-12½	IMI	73	273	-1	Reuters	204	1350	+1	United Biscuits	650	394	-7
British Gas	3,900	303½	-5	ICI	777	1156	-12	Rolls Royce	1,200	124	+1	Utd. Newspapers	158	548	-2
British Land	109	255		Inchcape	1,000	585	-5	Rothmans	384	636	-21	Vodafone	1,400	388	-1
British Steel	3,800	82½	-2½	Johnson Matthey	165	444	-7	Ryl Bk. Scotland	1,000	258	-6	Warburg (SG)	282	636	+4
Bunzl	388	132	-1	Kingfisher	870	592	+3	Royal Insurance	1,300	315	-1	Wellcome	3,000	705	+13
Burmah Castrol	371	748	-3	Kwik Save	307	765	-4	Saatchi	57	198		Welsh Water	279	607	+4
Burton	1,900	79½	-1	Ladbroke	3,500	172	-4	Sainsbury	1,400	478	-9	Wessex Water	287	635	+1
Cable & Wire.	1,800	723	-15	Land Securities	457	528		Scottish & New.	1,200	468	-6	Whitbread 'A'	1,500	457	+5
Cadbury Schweppes	798	480		Laporte	253	689	-6	Scot. Hydro-Elect.	812	350½	-1½	Williams Hldgs.	600	327	-7
Calor Group	120	280	-1	Legal & General	483	445	-7	Scottish Power	1,400	332	+1	Willis Corroon	492	196	-5
Carlton Comms.	869	750	-18	Lloyds Abbey	774	410	-7	Sears	2,700	99	-2	Wimpey	214	140	
Coats Viyella	1,300	232	-2	Lloyds Bank	1,000	545	-2	Sedgwick	231	157	-4	Wolseley	100	586	
Comm. Union	866	608	-4	LASMO	1,700	160	-1½	Seeboard	18	515	+6	Yorkshire Elect.	165	587	+6
Cookson	288	205		London Elect.	161	489	+4	Severn Trent Water	603	535	-2	Yorkshire Water	282	583	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Mar 29	Apr 19	May 10
Option Declarations:		
Apr 15	May 6	May 20
Last Dealings:		
Apr 16	May 7	May 21
Account Day:		
Apr 26	May 17	Jun 1

*New time dealings may take place from 8.30am two business days earlier.

BA hit by broker revisions

UK FLAG carrier British Airways fell sharply as a number of securities houses, including the company's broker, lowered profits forecasts. One analyst is believed to have reduced his prediction by a third. The shares were also depressed by worries over passenger yield.

The initial decline came when the shares were marked lower to take account of the 7.54p final dividend, brought forward by the company to beat tax changes announced in the Budget last month.

However, dealers then became concerned about passenger yield figures ahead of the release of traffic data for March. Although these revealed an 11.8 per cent increase on a year ago, in line with market expectations, the airline confirmed that passenger yields remained under pressure, prompting heavy selling of the shares.

UBS, the company's broker, downgraded its current year profits prediction by around £30m to £320m, which still leaves it at the top of the market range. Another leading securities house was said to have cut its figure by £100m to £200m.

The market was also concerned about the possibility of a price war on both BA's European and Atlantic routes. The shares lost 20 at 275 xd, with turnover rising to 5.7m.

Mirror improves

The market liked the confident statement from Mirror Group enough to discount the company's 1992 pre-tax loss of £84m. The newspaper group's shares rose 11 to 115p on heavy turnover of 10m.

Analysts had anticipated the heavy exceptional charge and turned their attention to the rise in operational profits. They were also heartened by improvement in advertising revenues. Ms Lorna Tilbian of S.G. Warburg increased her 1993 forecast by 50 per cent to £60.9m and said: "Despite the recent rise in the share price, the fundamentals have improved sufficiently to enable us to maintain a buy recommendation."

Barclays pressured

High Street bank Barclays, which is exposed to troubled hotels group Queens Moat Houses, was under increased pressure yesterday as Carr Kitcat & Aitken published a severe sell recommendation.

Carr's banking analyst Mr Derek Chambers said that since the bank's massive rights issue in 1988 it has seen its market share fall by between 15 and 20 per cent. He added that even though it needs a higher capital ratio, "it is difficult to see how the bank. . . can achieve this without another rights issue." Barclays retreated 10 to 405p.

BAT tumbles

Insurance and tobacco conglomerate BAT Industries fell sharply for the second consecutive trading day as analysts digested US price war implications.

The stock lost 42¼ to 885p on continuing heavy turnover of 8.2m shares as S.G. Warburg, traditionally bears of the company, reiterated its negative stance.

Analysts said the full impact of the Philip Morris announcement on Friday, of swingeing cuts in the price of its Marlboro brand, was diluted in the UK because it arrived late and because the rail strike kept many institutional investors away from work. Also, in the US, many experts were attending an RJR Nabisco annual meeting. Rothmans International 'B' shares fell 21 to 636p in sympathy.

Rearguard support helped Wellcome shares regain 13 to 705p against a weak market. Pharmaceuticals experts argued that following Friday's announcement that many early-stage HIV positive people would not receive benefits from taking Wellcome's anti-AIDs drug much of the media coverage was overblown.

Mr Franc Gregori of Robert Fleming Securities reduced his 1994 profit forecast by £25m to £790m, but said Friday's wave of heavy selling reinforced Wellcome's position as "our favoured stock within a very oversold drug sector." In an internal note, Mr Robin Gilbert of Panmure Gordon said: "The data published so far is seriously misleading."

A series of downgrades followed meetings between Unilever and food manufacturing analysts, sending shares in the Anglo-Dutch food group into retreat. Most of the changes in analysts figures represented currency movements, although concern over the weakness in European sales was also mentioned. Most still retained their fundamentally positive view on the stock, although the negative sentiment knocked the shares 26 to 1163p.

Dalgety was upset by weekend press comment, although food manufacturing specialists declared that most of the concerns over the insurance dispute with Inchcape was thought to be in the price. The shares fell back 14 to 452p. Inchcape lost 5 to 585p.

Food retailers remained under a cloud as analysts waited for what are seen as extremely important results from Tesco today. A price-led fightback by the supermarket chain would cast an even larger pall over the sector, according to retailing specialists.

A chink of light was provided by Henderson Crosthwaite which produced a weighty tome on the sector, largely dismissing worries over the likely impact of discounting food groups and asserting that the majors still have room for earnings growth. The house particularly likes Argyll Group, off 4 at 337p, Asda, 1¼ shy at 67p and J. Sainsbury, 9 adrift at 478p.

Stores proved a brighter spot, with selected retailers basking in the recovery story and some recent positive results. Among these, Great Universal Stores added 5 at 1618p, Kingfisher 3 at 592p and W.H. Smith 2 at 418p.

Electricity stocks were buoyant, largely on yield considerations, although dealers pointed out that turnover was low. Eastern was particularly strong, helped by a buy note and upgrade from S.G. Warburg. The broker attributes its positive stance to "stringent cost control" which offers "scope for enhanced dividend growth and removing any lingering investor concern regarding relative dividend prospects after the 1994-5 regulatory review." The shares added 8 at 480p.

Among water stocks, Southern was the best performer, climbing 5 to 548p.

A press report that cable television was taking business from BT at the rate of 15,000 customers a month came as little surprise to the market and the shares drifted in a lacklustre telecoms sector, closing 6 down at 434p.

The leisure sector continued to fret over the demise of Queens Moat Houses. Resort Hotels lost 4 to 36p, while the sector leader Forte shed 5 to 179p. Speculation that the latter will cut its dividend at its results next week continues to gather support among leisure specialists.

The Grand National was also occupying analysts minds with suggestions that Saturday's fiasco might require downgrades dismissed. Talk of a loss in revenue of up to £2m for Ladbroke Group as a result of the race's cancellation were also wide of the mark, market sources said. Ladbroke shares tumbled 10 at the market's opening, in line with other gambling groups, but later recovered. They closed just 4 off at 172p. Bass, owner of Coral, recovered to close a penny off to 550p, while Brent Walker was a halfpenny lower at 12p.

Concerns about the passenger yield at BA also had an impact on BAA which left the shares 9 lighter at 800p.

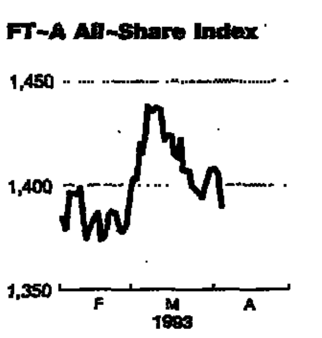
BUDGET CHANGES

The Financial Times will implement with effect from April 5 the Budget reduction in the income tax rate applied to dividends to 20 per cent from 25 per cent. This will affect gross dividend yields shown for individual companies in the London Share Service, and those calculated for the FT-SE Actuaries UK Share Indices and the FT-Actuaries World Indices.

MARKET REPORTERS:
Christopher Price,
Peter John, Joel Kibazo,
Steve Thompson.

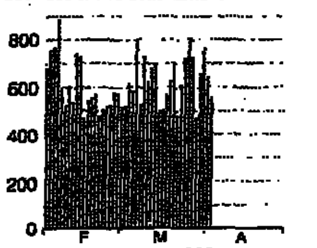
■ Other market statistics, Page 22

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (126).
BANKS (6) Asahi, Mitsubishi T & B, Mitsui, Sanwa, Sumitomo, Yasuda, BREWERS (2) Bulmer (HP), Devenish (JA), BUSINESS SERVS (1) Serco, CONTG & CONSTRCN (3) Abbey, Havelock Europe, Kajima, ELECTRICALS (3) Mitsubishi, Sony, Toshiba, ELECTRONICS (4) Densitron, Forward, Macro 4, Servomex, ENG GEN (2) Atlas Converting Equipment, SEP, FOOD MANUF (3) Assoc. Fisheries, Banks (SC), Hazlewood, HEALTH & HSEHOLD (1) Huntleigh Tech., HOTELS & LEIS (3) Jurys, Magnolia, Manchester Utd., INSCE COMPOSITE (1) Mitsui, INV TRUSTS (21) Albany, Baillie Gifford Japan, Baillie Gifford Shin Nippon, EFM Japan, Do Wts., Flmg. Intl. High Zero Pf., Flmg. Japanese, Do Wts., For. & Colonial Pacific Wts., GT Japan, JF Fledgeling Japan, JF Fledgeling Wts., JF Pacific Wrt., Japanese Wrt. Fund, Martin Currie Pacific, Do Wts., Moorgate Smlr. Wts., Oriental Smlr Co's, Templeton Emrg. Mkts., Do Wts., Turkey Tst., MEDIA (7) Daily Mail, Elsevier, LWT 4.921875p Pf., MAI, News Intl., Ulster TV, WPP, MTL & MTL FORMING (1) Kobe, MISC (4) BLP, Barlo, Spandex, Stonehill, OIL & GAS (3) Acorn, Gulfstream, Petrofina, OTHER FINCL (10) Baltic, Do 7pc Pf., Cater Allen, Daiwa, Gerrard & Natl., Ivory & Sime, Mitsubishi, Perpetual, Smith New Court, Somerset Tst., OTHER INDLS (1) Norcros, PACKG, PAPER & PRINTG (4) Bemrose, Capital Inds., Waco, Do 8pc Pf., PROP (7) Aukett Assocs., Grainger Tst., Green Prop., Hambros Countrywide, London Merchant, Warner Est., YRM, STORES (2) French Cnctn., Kleenze, World of Leather, WATER (4) Chesm, Southern, Welsh, Yorks., MINES (32).
NEW LOWS (63).
AMERICANS (6) CPC, Dana, Morris (Ph), Sun Inc., Waste Mngmt., BANKS (1) Espirito Santo, BREWERS (4) Greenalls, Do 5.95pc Pf., Young, Do NV, BUSINESS SERVS (2) Hogg Robinson, Reliance Sec., CHEMS (2) BOC, British Vita, CONGLOMERATES (3) Bibby (J), Brierley, Hanson, ELECTRICALS (1) Scholes, ELECTRONICS (3) Indl. Control Servs., Micro Focus, Pacer Systems, ENG GEN (5) Barry Wehmiller, Benson, Bullough, Plasmec, Sykes-Pickavant, Victaulic, FOOD MANUF (1) Dalgety, FOOD RETAILING (1) Appleby Westward, HEALTH & HSEHOLD (4) Community Hosps., Intercare, London, Novo Nordisk, HOTELS & LEIS (2) Harmony, Ladbroke, INSCE COMPOSITE (1) Baloise, INSCE LIFE (1) Lloyds Abbey, MEDIA (5) Border TV, Chiltern Radio, Fitch, Radio Clyde, SelecTV, MISC (7) Apold, Holographics, BAT Inds., Business Tech., Cornwall Parker, Plantsbrook, UDO, Waste Mngmt., MOTORS (3) Alexanders, BSG, Lucas, OIL & GAS (1) Sidlaw, OTHER INDLS (2) Morgan Crucible, Williams 8p Pf., PROP (1) British Land 6¼pc Pf., STORES (1) Boots, TELE NETWORKS (1) Securicor N/V, TEXTS (6) Campari, Conrad, Dunkeld, Gaskell, Richards, MINES (1) Pasminco.

FINANCIAL TIMES EQUITY INDICES

	April 5	April 2	April 1	Mar 31	Mar 30	Year ago	* High	* Low
Ordinary share	2198.7	2223.3	2223.1	2225.5	2220.6	1859.2	2289.5	2124.7
Ord. div. yield	4.47	4.43	4.43	4.42	4.44	4.78	4.47	4.23
Earning yld % full	6.28	6.19	6.19	6.18	6.21	6.97	6.28	5.79
P/E ratio net	19.77	20.05	20.05	20.08	19.96	17.89	22.01	19.77
P/E ratio nil	18.45	18.63	18.63	18.65	18.56	16.81	20.30	18.45
Gold Mines	132.1	125.9	118.5	118.1	110.8	117.4	132.1	80.0

*for 1993. Ordinary share index since compilation: high 2298.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2205.3	2210.5	2203.3	2201.4	2197.2	2196.4	2197.3	2196.9	2195.2	2211.2	2192.1

Volume	April 5	April 2	April 1	Mar 31	Mar 30	Year ago
SEAQ Bargains	39,627	41,930	43,519	43,196	43,385	27,183
Equity Turnover(£m)†	-	1473.6	1318.9	1543.2	1460.5	800.0
Equity Bargains†	-	50,439	52,824	50,765	51,920	32,581
Shares traded (mil)†	-	561.3	643.2	762.3	669.0	393.6

† Excluding intra-market business and overseas turnover.

London report and latest Share index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

HEAVY selling of stock index futures led to a decline in the June FT-SE 100 contract as dealers focused on Friday's heavy falls on Wall Street, writes Joel Kibazo.

In spite of the decline, the biggest part of which came after the market close in London, trading in the June contract opened firmly on buying from independent traders.

However, the buying had dried up by mid-morning, which then left June to drift down as dealers feared further falls in New York.

By early afternoon, the contract had fallen to its fair value premium to cash of about 11 points, an opportunity which many traders used to arbitrage between the futures and the cash market – leading to increased turnover in the contract. However, the anticipated further fall on Wall Street did not materialise, which led to sporadic buying before the close.

The June contract finished at 2,855, down 17 from Friday's close and around 7 points above its fair value premium to cash, with turnover a reasonable 9,000 contracts.

The volume in the traded options was poor, reaching only 23,898 contracts by the close. The FT-SE 100 option had 9,794 lots traded, although there was little business in the Euro FT-SE 100 version, with a mere 758 dealt.

Lasmo was the most active stock option, seeing 2,012 contracts traded, followed by Forte, with 1,106 lots.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2838.8 −31.1	3090.8 −17.7	1392.18 −12.95

	Apr 5	Day's change %	Apr 2	Apr 1	Mar 31	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2838.8	−1.1	2869.9	2878.4	2876.7	2400.9	6.31	4.02	20.27	31.80
FT-SE Mid 250	3090.8	−0.6	3108.5	3107.2	3107.8	2337.6	6.83	3.78	18.47	21.69
FT-SE-A 350	1408.4	−1.0	1422.2	1425.4	1425.6	1163.2	6.43	3.96	19.84	14.40
FT-SE SmallCap	1545.96	−0.4	1551.98	1550.34	1548.75	-	4.94	3.75	29.04	12.23
FT-SE SmallCap ex Inv Trusts	1554.10	−0.4	1560.17	1558.62	1557.45	-	5.47	3.98	27.02	12.16
FT-A ALL-SHARE	1392.18	−0.9	1405.13	1408.00	1408.07	1148.96	6.34	3.95	20.23	14.04
1 CAPITAL GOODS(213)	946.69	−0.8	953.91	955.63	954.99	771.76	5.88	4.08	22.23	8.81
2 Building Materials(27)	960.21	−0.8	965.90	972.71	977.58	828.65	6.43	5.16	28.09	4.86
3 Contracting, Construction(29)	837.25	—	837.47	837.70	840.49	841.03	3.28	4.04	78.21	7.01
4 Electricals(15)	2881.73	−0.4	2893.67	2707.35	2710.29	2333.31	5.57	5.04	22.86	19.67
5 Electronics(37)	2631.81	−0.5	2643.96	2633.38	2649.10	1737.07	6.02	3.03	21.04	18.20
6 Engineering-Aerospace(7)	341.73	−0.9	344.89	347.59	345.18	332.73	10.35	4.19	12.31	3.19
7 Engineering-General(51)	543.48	−0.8	547.59	548.16	547.28	469.50	7.30	3.80	17.52	5.61
8 Metals & Metal Forming(11)	376.10	−2.2	384.47	386.30	385.23	307.81	4.62	3.27	31.50	0.66
9 Motors(18)	391.00	−1.2	395.85	394.33	392.49	300.80	5.23	5.84	27.34	5.83
10 Other Industrials(16)	2110.20	−0.9	2128.41	2133.68	2121.40	1809.55	5.62	3.89	21.86	32.66
21 CONSUMER GROUP(235)	1649.31	−0.8	1663.30	1663.07	1665.56	1567.92	7.00	3.44	17.79	13.04
22 Brewers and Distillers(29)	1950.60	−1.1	1971.66	1975.76	1974.73	1946.16	8.26	3.70	14.60	10.78
25 Food Manufacturing(22)	1402.93	−1.5	1424.35	1421.03	1420.89	1217.57	7.29	3.60	17.38	16.05
26 Food Retailing(18)	3017.68	−1.3	3058.32	3049.89	3034.04	2526.26	8.50	3.26	15.32	3.50
27 Health & Household(29)	3367.83	−0.4	3381.19	3418.82	3472.81	4116.20	8.71	3.36	17.28	28.93
29 Hotels and Leisure(21)	1298.33	−1.0	1311.35	1308.80	1316.83	1225.82	6.11	4.94	21.87	20.90
30 Media(33)	1908.94	+0.2	1905.12	1894.87	1883.88	1489.13	5.27	2.73	23.41	21.68
31 Packaging and Paper(24)	854.83	−0.6	859.65	860.75	862.30	719.71	6.27	3.41	19.60	8.78
34 Stores(39)	1142.77	−0.9	1153.62	1143.15	1134.53	943.93	6.36	3.04	20.81	6.78
35 Textiles(20)	792.60	−0.8	799.10	800.09	795.63	646.18	6.43	3.87	19.79	4.51
40 OTHER GROUPS(142)	1496.82	−1.2	1515.32	1528.83	1524.15	1147.99	8.20	4.19	15.02	14.24
41 Business Services(27)	1600.56	−0.8	1612.97	1619.43	1619.66	1245.08	5.60	3.14	22.02	4.32
42 Chemicals(23)	1459.97	−1.1	1475.87	1483.34	1490.77	1437.61	6.18	4.72	20.42	22.82
43 Conglomerates(11)	1399.64	−0.6	1408.29	1411.21	1413.41	1285.89	7.53	5.37	15.01	13.71
44 Transport(16)	2890.36	−1.4	2932.87	2945.38	2938.44	2277.91	7.50	3.89	16.07	37.01
45 Electricity(16)	1771.33	+0.1	1769.40	1759.77	1741.82	1058.39	12.23	4.06	10.51	28.80
46 Telephone Networks(4)	1767.76	−1.4	1792.48	1800.99	1793.42	1284.23	7.45	3.63	17.49	1.53
47 Water(13)	3671.12	−0.1	3675.17	3658.46	3639.30	2186.50	12.30	4.53	9.03	11.83
48 Miscellaneous(32)	2312.94	−3.7	2401.21	2532.51	2518.23	1848.09	6.99	4.38	17.84	41.04
49 INDUSTRIAL GROUP(590)	1433.37	−1.0	1447.23	1452.15	1451.40	1234.67	7.21	3.82	17.34	12.75
51 Oil & Gas(18)	2448.91	−0.4	2458.07	2480.36	2480.75	1998.65	5.65	4.73	23.00	25.78
59 "500" SHARE INDEX(608)	1523.68	−0.9	1537.43	1542.23	1542.92	1305.02	7.04	3.92	17.82	13.82
61 FINANCIAL GROUP(89)	979.79	−1.1	990.67	987.37	985.74	642.18	3.19	4.31	58.58	15.78
62 Banks(9)	1330.92	−1.4	1350.05	1343.48	1343.92	810.14	4.74	4.05	31.33	26.94
65 Insurance (Life)(6)	2014.22	−1.0	2034.60	2027.89	2014.58	1243.61	2.51	4.41	70.19	41.16
66 Insurance (Composite)(7)	652.36	−1.0	659.15	658.30	652.62	428.98	‡	4.75	‡	7.42
67 Insurance Brokers(10)	780.85	−1.6	793.19	799.44	796.76	909.74	7.37	5.02	18.23	10.70
68 Merchant Banks(6)	624.66	−0.1	625.35	625.30	627.08	408.01	7.34	3.52	17.47	4.21
69 Property(28)	781.87	−0.2	783.48	781.38	781.64	620.84	6.19	5.03	21.83	1.70
70 Other Financial(23)	343.60	−0.2	344.20	343.54	343.86	222.10	6.72	4.77	19.54	2.76
71 Investment Trusts(109)	1433.75	−0.8	1445.71	1443.37	1439.77	1124.38	2.31	2.86	43.20	11.87
99 FT-A ALL-SHARE(806)	1392.18	−0.9	1405.13	1408.00	1408.07	1148.96	6.34	3.95	20.23	14.04

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2846.7	2854.4	2844.7	2843.0	2837.1	2837.8	2838.8	2841.9	2837.6	2855.1	2835.1
FT-SE Mid 250	3094.5	3096.5	3093.9	3093.3	3091.5	3091.5	3091.1	3091.5	3090.7	3097.7	3089.3
FT-SE-A 350	1411.8	1415.0	1411.0	1410.3	1407.8	1408.1	1408.4	1409.7	1407.9	1415.4	1406.9

Gross dividend yield (Tax credit at 20%) FT-SE 100: 4.02%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrctn	1624.4	1624.4	1623.6	1624.6	1625.7	1626.2	1626.2	1627.8	1627.1	1626.3	1625.1	+1.2
Health&H	1011.6	1017.5	1011.9	1012.4	1009.3	1011.0	1013.7	1015.3	1012.2	1011.9	1016.2	-4.3
Water	1515.3	1516.9	1515.9	1517.3	1515.6	1516.2	1516.6	1516.7	1517.1	1517.1	1519.5	-2.4
Banks	1626.3	1631.6	1622.0	1621.4	1624.4	1625.2	1621.6	1621.7	1616.6	1616.6	1640.2	-23.6

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

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LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 10pc 1993‡‡	100xd	—	100¾	100	10.00	5.74
12½pc 1993‡‡	101⅞	—	103⅜	101⅛	12.27	5.71
Funding 6pc 1993‡‡	100⅛	—	100¼	98⅞	5.99	5.67
Treas 13¾pc 1993‡‡	105	—	106⅜	105	13.10	5.65
8½pc 1994	102⅜	—	102⅞	101⅛	8.30	5.80
14½pc 1994‡‡	107¾	—	109¼	107¾	13.48	5.81
Exch 13½pc 1994	108xd	—	109⅜	108	12.50	5.87
Treas. 10pc Ln. 1994‡‡	104⅞	—	105⅞	104⅝	9.54	5.76
Exch 12½pc 1994	108¾	-⅛	110⅜	108⅞	11.48	5.87
Treas 9pc 1994‡‡	104⅝	—	105⅝	103⅞	8.59	5.93
12pc 1995	110⅛	—	111⅞	109⅞	10.98	6.02
Exch 3pc Gas 90-95	96¼xd	—	96¾	94	3.12	5.02
10¼pc 1995	108⅞	—	109⅛	107⅝	9.42	6.12
Treas 12¾pc 1995‡‡	115⅜	-⅛	116⅞	114⅜	11.05	6.27
14pc 1996	119⅛	—	120⅝	117⅞	11.76	6.45
15¼pc 1996‡‡	123⅞xd	-⅛	125⅝	122¾	12.31	6.58
Exch 13¼pc 1996‡‡	118⅜	—	120⅛	116⅞	11.19	6.62
Conversion 10pc 1996	110⅝	-⅛	111½	109	9.04	6.66
Treas 13¼pc 1997‡‡	121⅜	—	122⅞	119⅜	10.94	6.86
Exch 10½pc 1997	112⅛	-⅛	113⅝	110⅝	9.33	6.78
Treas 8¾pc 1997‡‡	107½	+⅛	108⅞	105½	8.14	6.76
Exch 15pc 1997	130⅝xd	-⅛	132⅞	128⅞	11.48	7.05
9¾pc 1998	111⅜	-⅛	112⅝	109⅞	8.78	6.95
Five to Fifteen Years						
Treas 7¼pc 1998‡‡	102⅛xd	-⅛	103¼	99⅞	7.10	6.75
Treas 6¾pc 1995-98‡‡	100⅜xd	-⅛	101	97⅞	6.74	6.73
15½pc '98‡‡	138⅞xd	-⅛	138⅞	134⅞	11.34	7.27
Exch 12pc 1998	121⅜	-⅛	122⅝	118⅞	9.90	7.35
Treas 9½pc 1999‡‡	110⅞	-⅛	112½	108⅜	8.58	7.16
Exch 12¼pc 1999	123⅜	-⅛	124⅞	120⅜	9.96	7.42
Treas 10½pc 1999	115⅞	-⅛	117⅞	113¼	9.08	7.30
Conversion 10¼pc 1999	115⅛	-⅛	117⅞	112⅞	8.91	7.35
9pc 2000‡‡	109⅜	-⅛	110⅞	106	8.24	7.29
Treas 13pc 2000	128⅞	-¼	131	125½	10.88	7.74
10pc 2001	113⅞	-⅛	116⅞	109⅞	8.79	7.65
14pc '98-1	127⅝	-⅛	129½	125⅞	10.95	7.39
9¾pc 2002	112⅞	-⅛	114⅞	108⅞	8.64	7.79
8pc 2003‡‡	101⅞	—	103⅞	97⅞	7.85	7.73

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
10pc 2003	114⅞	-⅛	116⅞	109⅝	8.74	7.94
Treas 11½pc 2001-4	120⅞	-¼	122⅞	116⅞	9.51	7.92
Funding 3½pc '99-4	72⅞	-⅛	74⅞	67⅞	4.82	7.07
Conversion 9½pc 2004	110⅞xd	-⅛	112⅜	105⅞	8.57	8.06
9½pc 2005	110⅞xd	-⅛	112⅞	105⅞	8.57	8.08
Treas 12½pc 2003-5	129⅞	-⅛	131¾	124⅜	9.65	8.29
8pc 2002-6‡‡	100⅜xd	-⅛	101⅞	94⅞	7.99	8.05
Treas 11¾pc 2003-7	123⅞	-⅛	126⅞	118⅞	9.51	8.21
Treas 8½pc 2007‡‡	102⅞	-⅛	104¼	97⅜	8.27	8.18
8½pc 2007 B(£50pd)‡‡	72⅝	-⅛	74⅞	68⅝	8.28	8.20
13½pc '04-8	137⅞	-⅛	139⅝	131⅜	9.82	8.26
Over Fifteen Years						
9pc 2008‡‡	108⅞xd	-⅛	108⅞	101⅛	8.42	8.23
8pc 2009	98⅜	-⅛	99¼	92⅜	8.15	8.27
Conv 9pc Ln 2011‡‡	106⅛	-⅛	108⅜	100½	8.48	8.36
9pc 2011 C(£50pd)‡‡	51⅞	-⅛	53⅜	39⅛	8.50	8.38
Treas 9pc 2012‡‡	106	-⅛	108⅛	100⅜	8.49	8.38
Treas 5½pc 2008-12‡‡	75⅛	-⅛	76⅞	70¼	7.33	8.07
7¾pc 2012-15‡‡	94⅞	-⅛	97⅞	88⅝	8.26	8.31
Exch 12pc '13-'17	132⅞	-⅛	135⅞	125⅞	9.04	8.60
Treas 8pc 2013(£50pd)‡‡	48⅜	-½	49⅞	46⅜	8.31	8.40
Treas 8¾pc 2017‡‡	103⅞	-⅛	105⅞	97⅛	8.48	8.43
Undated						
Consols 4pc	47⅜	-⅛	48	43⅝	8.45	-
War Loan 3½pc‡‡	41½	-⅛	42⅜	38⅝	8.43	-
Conv 3½pc '61 Aft.	62¾	—	63	60⅞	5.58	-
Treas 3pc '66 Aft.	35⅜	+¼	36⅝	33½	8.48	-
Consols 2½pc	31⅛xd	-⅛	31⅜	28⅝	8.03	-
Treas. 2½pc	29⅞	+⅛	30¼	27⅞	8.37	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	133½	—	133¾	131⅝	-	0.87
2pc '96‡ (67.9)	196⅛xd	-⅛	197⅞	194⅞	1.66	2.40
4⅝pc '98‡‡ (135.6)	108⅞xd	-⅛	109⅜	105⅜	2.08	2.65
2½pc '01 (78.3)	166⅞	-⅛	166⅞	159	2.63	2.97
2½pc '03 (78.8)	163⅞	-⅛	163⅞	155	2.77	3.05
4⅜pc '04‡‡ (135.6)	111⅜xd	-⅛	111⅜	105½	2.88	3.16
2pc '06 (69.5)	169⅞	-⅛	170⅜	159¼	2.95	3.17
2½pc '09 (78.8)	153½	-½	154⅞	144	3.16	3.35
2½pc '11 (74.6)	158⅞	-⅛	159⅞	148⅞	3.23	3.41
2½pc '13 (89.2)	130½	-⅛	131¼	122⅜	3.30	3.46
2½pc '16 (81.6)	139⅛	-⅛	139⅞	130⅞	3.35	3.50
2½pc '20 (83.0)	133½xd	-⅛	133⅞	124⅞	3.41	3.54
2½pc '24‡‡ (97.7)	110⅞	-⅛	111⅛	102⅝	3.45	3.57
4⅛pc '30‡‡ (135.1)	111	-⅛	111⅞	103¾	3.46	3.59

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to January 1987. Conversion factor 3.945. RPI for July 1992: 138.8 and for February 1993: 138.8.

OTHER FIXED INTEREST

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	122⅞	+⅛	123⅜	115⅞	9.07	8.56
Asian Dev 10¼pc 2009	115⅞	+⅛	116⅞	108⅞	8.86	8.44
B'ham 11½pc 2012	120½	—	123	114	9.54	9.21
Ireland Cap 8½pc '10	102	-¼	102½	95	8.33	-
9pc Cap 1996	102	+⅛	103	97½	8.82	-
13pc '97-2	114½	—	117	110	11.36	-
Hydro Quebec 15pc 2011	145⅜	—	148⅞	139⅜	10.33	9.66
Leeds 13½pc 2006	133¾	—	135¼	128	10.09	9.12
Liverpool 3½pc Irred	38½	—	37	34	9.58	-
LCC 3pc '20 Aft	32¾	—	32¾	30½	9.16	-
Manchester 11½pc 2007	119	—	120¼	114	9.66	9.12
Met. Wtr. 3pc 'B'	67½	—	68	63¼	4.44	7.72
Nfld Anglia 3⅞pc 2021	126	—	126	117½	-	4.52
4⅛pc IL 2024	124½	—	124½	115½	-	4.34
Old Mex States 16⅝pc 2008	138¾	—	138	132¾	12.07	11.34

Continued on next page

AMERICANS

CANADIANS

BANKS

BREWERS & DISTILLERS

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BUILDING MATERIALS - Cont.

BUSINESS SERVICES

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ELECTRICITY

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ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv		193	-2	201	183	3.0	230.3	16.3
Warrants		43	—	49	38	-	-	-
Scot Mortgage		184	-3	201	178	2.6	216.7	15.1
Scot National Inc		88	—	95½	83	10.6	-	-
Cap		22	—	28	16	-	62.7	64.9
Stepped Pf		152¼	—	155¼	150¾	5.8	-	-
Zero Div Pf		207½	-½	212	207	-	-	-
Warrants		3	—	5	3	-	-	-
Scot Value		79½	—	79½	71	2.8	76.1	-4.2
Sec Alliance		1444	-6	1583	1390	3.2	1588.8	9.1
Second Consid		106	-2	112	88	-	180.5	40.2
Second Market		322	—	322	256	0.8	348.8	7.8
Sec Tst Scot		79½	-2	84½	74½	5.1	83.0	4.2
Select Assets		128	-1	139	109½	1.2	165.2	24.6
Eq Ind Sed		131	-1	134	128	4.1	-	-
Eq Ind Sed		131	-1	134	128	4.1	-	-
SHIRESCOT		123	+1	123	104	6.3	119.7	-1.9
Shires		252	-2	282	231	6.1	245.3	-2.5
11pc Cv Ln '03/04		£125½	—	£131½	£116½	8.8	-	-
Siam Select		129	—	133	97	0.2	140.4	8.1
Warrants		34	—	37	15	-	-	-
Smaller Cos		107	—	107	78	3.0	108.3	0.2
Warrants		27	—	27	14	-	-	-
Sphere Inc		20	—	21½	14	18.4	30.3	35.7
Zero Div Pf		84¼	+½	85¼	80¼	-	-	-
Sumit		47	—	58	38	3.7	90.3	48.0
TR City of Lon		134½	-1	140¼	126	4.4	128.7	-4.6
TR Euro Growth		102	—	109	76	1.7	109.2	7.0
Pig Sub		55	—	56	27	3.1	-	-
TR Far East Inc		130	—	139	112	4.4	128.7	0.1
Warrants		29	—	39½	22	-	-	-
TR High Inc		111xd	-1	118	102	6.8	114.2	2.8
Sub		29	—	31	25	6.6	-	-

MERCHANT BANKS

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m
Baring 8pc Cm 2nd Pf		102	-½	109½	93	12.8
9¼pc Non-Cum Pf		121¼	—	127½	113	48.7
Close Bros		343	—	345	250	158.8
Hambros		329	-4	358	243	572.8
7½pc Cv Pf		142	-1	149½	111½	213.8
Joseph (L)		368	+2	363	313	18.9
Kleinwort Benson		382	-3	395	312	488.3
Rea Bros		43xd	—	47	39	16.9
Schroders		1788xd	—	1975	1335	982.6
N/V		1480xd	—	1625	1133	205.7
Singer & Fried		63	-1	67	48	121.2
Warburg (SG)		636	+4	646	629	1,383
8pc Cv Pf		212	—	217	185	90.2
Wintrust		203	-5	218	188	17.2

METALS & METAL FORMING

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m
ASW		169	—	182	81	113.1
Apollo Metals		98	-2	120	84	11.5
Ash & Lacy		161xd	—	170	143	42.8
Barrett (H)		7	—	7	7	3.04
Billam (J)		218xd	—	230	129	3.49
Brit Steel		82½	-2½	91	54	1,650
CI		26	—	28	17	22.5
Castings		165	—	167	158	34.8
Chamber & Hill		145	—	145	113	10.8
Cohen (A)		375	—	400	375	6.96
Cook (Wm)		147	-2	176	120	32.2

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	153.1	154.6	162.7	-2.70	0.00
AIB Grofund Equity	5	203.4	206.9	217.9	-1.88	3.36
AIB Grofund Euro	5	159.6	161.3	169.8	+0.20	0.18
AIB Global Exp Based	3	99.89	101.8	104.9	---	1.77
AIB Grofund Gilt	3	78.17	78.20	80.81	-0.12	4.99
AIB Grofund Japan	5	159.3	160.9	169.3	+5.00	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	413.8	415.8xd	442.4	-5.8	2.58
General Acc	5	454.4	456.6xd	485.8	-6.3	2.58
UK Growth Acc	6	302.5	306.8	326.4	-3.4	2.93
UK Growth Inc	6	218.9	219.9	234.0	-3.8	2.93
Higher Inc Acc	6	550.9	558.6	594.5	-9.8	3.93
Higher Inc Inc	6	339.9	344.8	366.7	-6.1	3.93
Gilts/Fxd Int Acc	5½	175.2	175.2xd	185.0	-0.1	6.50
Gilts/Fxd Int Inc	5½	91.84	91.84xd	97.00	-0.02	6.50
Nth America	6	242.7	248.5	264.4	-5.3	0.00
Far East	6	278.5	279.1	297.0	+8.9	0.19
Europe	6	214.4	216.2xd	230.0	+1.0	1.06
Brit Excel	6	62.12	63.12	66.09	-1.89	2.94
Brit Fndmtls Acc	6	83.63	83.63xd	88.97	-1.08	5.23
Brit Fndmtls Inc	6	64.88	64.88xd	69.03	-0.84	5.23
Global Opps	6	69.39	70.13	74.61	-0.05	0.00
Balanced Acc	6	46.72	47.17	49.71	---	3.25
Balanced Inc	6	46.72	47.17	49.71	---	3.25

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	130.2	130.2xd	138.0	+0.4	5.98
High Inc Equity	6	145.0	147.7xd	157.1	-2.6	5.07
Worldwide Bond	6	260.8	260.8	278.4	+1.7	4.38
American Growth	6	280.6	280.6	300.0	-3.7	.68
Asian Pacific	6	205.6	210.4	223.6	+2.5	.73
[illegible]	6	[illegible]	227.4	241.9	-1.5	2.52

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G1 2PX 0345 090 933

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	1	82.51	82.51	84.55	-0.32	2.60
Acumen Inc	1	81.03	81.03	83.04	-0.31	2.60
Acumen Reserve	1	78.01	78.01	78.86	+0.12	7.76
Acumen Reserve Inc	1	75.19	75.19	75.96	+0.11	7.78
American Income	1	162.80	162.80	168.40	-2.70	2.43
Equity Income	1	89.97	89.97xd	92.47	-1.12	5.18
European	1	59.60	59.60	60.93	+0.47	1.12
Smaller Cos	1	62.80	62.80	65.51	-0.18	1.23
Olympiad	1	51.63	51.63	52.92	+0.11	0.52
Global Bond	1	47.45	47.45	47.98	+0.08	6.79
UK Growth	1	80.38	80.38xd	82.82	-0.48	1.88
Pacific Growth	1	69.08	69.08	71.01	+0.81	0.75
Japan Growth	1	89.35	89.35	90.65	+2.03	0.00

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation.
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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FT MANAGED FUNDS SERVICE

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

IRELAND (REGULATED)(**)

GUERNSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

IRELAND (SIB RECOGNISED)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.37	12.26	----	-
B.F. Offshore Inc Fd Ltd	£12.32	12.84	----	-
INC Offshore Fd	£9.89	10.82	----	-
Nelson Mlles W/W S/S	£11.81	12.26	----	-

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		22.7879	22.7880	----	-
Managed Capital Bd	5		22.6605	22.6616	----	-
AIB Dollar Currency Fund Limited						
Stg Mngd Currency	5	£-	11.1549		----	-
Sterling Currency Fd	5	£-	10.7262		----	-
Ecu Currency	6	Ecu-	11.1820		----	-
US Dollar Mngd Curr	5	$-	22.1326		----	-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	21.027	1.030	7.102	+0.02	0.6
Global Income (Inc)	5¼	£0.549	0.549	0.586	-0.03	2.2
Global Resources	5¼	£0.454	0.456	0.481	-0.001	0.10
Currency Funds						
Stg Premium Income		£10.06		10.07	+0.01	5.3
Sterling		£-		23.93	----	5.1
US Dollar		$-		32.67	+0.01	1.8
Deutschemark		DM-		82.03	-0.03	7.2
Yen		Y-		4242	-0.02	3.0
Managed Multicurrency		£-	15.37	15.92	-0.16	-
Managed Multicurrency		$-	26.15	27.07	----	-
Bond Funds						
Sterling Bond	3½	£-	0.439	0.456	-0.002	8.9
Capital House Fund Mgrs (CI) Ltd						

	Bid Price	Offer Price	+ or -	Yield Gross
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$4.0227	4.2750	----	-
Offshore Japanese Gwth Fd	$1.1826	1.2356	----	-
Offshore Am Gwth Fd	$6.8184	7.2460	----	-
Offshore Emerging Cos	$4.4378	4.7181	----	-
Offshore European Fd	$1.6172	1.7187	----	-
Offshore Asia Smaller Mkts	$0.9489	1.0088	----	-
Offshore Global Bond	$1.0258	1.0888	----	-
Offshore Global Bond Acc	$1.0258	1.0888	----	-
Offshore Far Estrn Fd	$2.8861	3.0671	----	-
Offshore UK Growth Fd	$2.2280	2.3696	----	-
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Mar 26		54.32	----	-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£16.38	16.63	----	1.43
LFM Defensive Strtgy	£12.40	13.07	----	-
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int (x)†	100.80	101.70	-0.30	6.78
International Bond (x)†	$1.153	1.184	-0.009	5.16
†Prices on Mar 31. Next dealing Apr 7.				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling		£37.1338	----	5.09
US $		$49.0091	----	1.78
D-Mark		DM86.1545	----	7.47
Swiss franc		SFr78.4617	----	3.75
Yen		Y5183.36	----	2.05
Schroder Worldwide Money Fund Ltd				
Sterling		£35.0126	+0.0133	5.43
US $		$37.4927	+0.0073	2.43
D-Mark		DM82.1880	+0.0466	7.20
Swiss Franc		SFr80.7400	+0.0562	5.54
Japanese Yen		Y7732.6839	+1.6116	2.58
Australian $		A$42.1705	+0.0157	4.85
Canadian $		C$34.8602	+0.0146	5.21
Ecu		Ecu18.5577	+0.0343	8.51
US$ Managed	$38.2357	40.4492	+0.0361	2.25

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

JERSEY (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar softens against DM

THE DOLLAR drifted down against the D-Mark yesterday as dealers continued to digest the poorer-than-expected US employment report released on Friday, *writes James Blitz.*

In very quiet trading in London yesterday, the dollar opened at about DM1.5980 against the D-Mark, having enjoyed a sharp rebound against the German currency last Friday afternoon.

The dollar closed in London at about DM1.5955, down more than ½ a pfennig on Friday's close. In New York trading at lunchtime, the dollar was at DM1.5945.

Friday's non-farm payroll figure, showing a net drop in the month to March of 22,000, continued to leave dealers uncertain about the direction of the US economic recovery.

Mr Jeremy Hawkins, senior economic adviser at Bank of America, said that when the US employment data for the last three months were looked at as a whole, there were clear signs of an economic upturn in the US.

"In the first quarter of 1993, jobs were being created at the rate of 150,000 per month compared with 100,000 per month in the fourth quarter of 1992," he said.

However, Mr Mark Austin of Midland Global Markets took a more pessimistic view of the dollar's prospects. In his weekly report, he said that the payroll data were disappointing and would set the tone for all the March economic data coming out this month.

He also believed that the dollar's rebound on Friday afternoon was options related, and *probably squeezed out short* dollar positions from the market. "The weaker tone shown *by the dollar this morning* seems likely to continue," he said yesterday.

An *additional reason for* uncertainty on the dollar was continuing disappointment *about the speed of German* interest rate cuts.

Some dealers appeared to *expect that the Bundesbank* would ease the rate at which it offers wholesale funds to German commercial banks – the repo rate – this week. But, with German call money yesterday trading at around 8.23 per cent, it would be hard for the Bundesbank to bring the repo rate much below the current lowest accepted rate of 8.17 per cent, *for fear of triggering* "round tripping" by the banks.

This factor continued to keep the D-Mark strong in Europe. The lira, in particular, weakened sharply against the German currency at the start of trading, on news that police investigations into Mr Giulio Andreotti, the former Italian prime minister, were broadening. The lira touched the L999 *level against the German cur*rency at the start of the European morning but later closed higher at L993.8.

However, the French franc appreciated to a close of FFr3.391 against the D-Mark from Friday's close of FFr3.398. The Bank of France's decision not to lower its intervention rate, as some dealers had *expected, supported the franc.*

£ IN NEW YORK

Apr 5	Latest	Previous Close
£ Spot	1.5220 - 1.5230	1.5170 - 1.5180
1 month	0.35 - 0.34pm	0.35 - 0.34pm
3 months	1.02 - 1.00pm	1.03 - 1.01pm
12 months	3.30 - 3.20pm	3.36 - 3.29pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr 5	Previous
8.30 am	79.8	80.1
9.00 am	79.7	80.3
10.00 am	79.6	80.2
11.00 am	79.7	80.3
Noon	79.6	80.3
1.00 pm	79.6	80.3
2.00 pm	79.6	80.2
3.00 pm	79.6	80.1
4.00 pm	79.6	79.8

CURRENCY RATES

Apr 5	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.918021	0.798015
US Dollar	3.00	1.40751	1.21219
Canadian $	6.09	1.77487	1.52917
Austrian Sch	7.00	15.7768	13.6444
Belgian Franc	7.00	N/A	39.9445
Danish Krone	10.00	8.62874	7.45312
D-Mark	7.50	2.24216	1.93889
Dutch Guilder	7.90	2.52240	2.17975
French Franc	10	7.62237	6.58216
Italian Lira	11.50	N/A	1927.13
Japanese Yen	2.50	160.456	137.947
Norway Krone	-	9.55207	8.25316
Spanish Peseta	-	160.709	138.577
Swedish Krona	11.50	10.7034	9.18060
Swiss Franc	5.00	2.07819	1.79282
Greek Drach	11	N/A	264.947
Irish Punt	-	N/A	0.797071

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Apr.2

CURRENCY MOVEMENTS

Apr 5	Bank of England Index	Morgan* Guaranty Changes %
Sterling	79.6	-30.13
U.S. Dollar	64.7	-12.90
Canadian Dollar	95.2	-6.66
Austrian Schilling	116.1	+17.49
Belgian Franc	116.7	-2.22
Danish Krone	119.7	-13.04
D-Mark	126.8	-33.02
Swiss Franc	110.0	-18.09
Dutch Guilder	120.4	+21.58
French Franc	111.0	-0.07
Lira	76.6	-37.41
Yen	186.8	+105.05
Peseta	100.2	-24.02

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Apr.2

OTHER CURRENCIES

Apr 5	£	$
Greece	328.700 - 335.250	216.300 - 220.550
Hong Kong	11.7435 - 11.7560	7.7295 - 7.7305
Iran	2286.00*	1538.00*
Korea(Sth)	1200.85 - 1220.20	792.50 - 798.70
Kuwait	0.45700 - 0.45800	0.30100 - 0.30160
Luxembourg	50.00 - 50.10	32.85 - 32.95
Malaysia	3.9320 - 3.9425	2.5890 - 2.5900
Mexico	4.7020 - 4.7055	3.0925 - 3.0945
N Zealand	2.8510 - 2.8545	1.8750 - 1.8775
Saudi Ar	5.6955 - 5.7070	3.7495 - 3.7505
Singapore	2.4660 - 2.4735	1.6245 - 1.6255
S Af (Cm)	4.8350 - 4.8375	3.1800 - 3.1820
S Af (Fn)	6.9105 - 6.9260	4.5450 - 4.5550
Taiwan	39.60 - 39.75	26.05 - 26.15
U.A.E.	5.5770 - 5.5900	3.6715 - 3.6735

*Floating rate. Iran Official rate £98.50 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 5	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	142.150	138.577	-2.51	3.08	39
Irish Punt	0.809996	0.797071	-1.60	2.12	50
Dutch Guilder	2.20045	2.17975	-0.94	1.45	23
Belgian Franc	40.2802	39.9445	-0.83	1.34	17
D-Mark	1.95294	1.93889	-0.72	1.22	16
Portuguese Escudo	180.624	179.428	-0.66	1.16	7
Danish Krone	7.44934	7.45312	0.05	0.44	-24
French Franc	6.54988	6.58216	0.49	0.00	-54

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.92-1.87pm. 12 Month 3.27-3.17pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

Apr 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Dutch Guilder	8¼ - 8	8 - 7⅞	7¹³⁄₁₆ - 7¹¹⁄₁₆	7¹¹⁄₁₆ - 7⁹⁄₁₆	7⅜ - 7¼	6¹³⁄₁₆ - 6¹¹⁄₁₆
Swiss Franc	5¾ - 5½	5⅝ - 5⅜	5⅝ - 5½	5⁷⁄₁₆ - 5⁵⁄₁₆	4¹³⁄₁₆ - 4¹¹⁄₁₆	4⅝ - 4½
D-Mark	8⁷⁄₁₆ - 8⁵⁄₁₆	8⁷⁄₁₆ - 8⁵⁄₁₆	8⅜ - 8¼	8 - 7⅞	7⅝ - 7½	7 - 6⅞
French Franc	10¾ - 10½	10⅝ - 10⅜	10½ - 10¼	10⅛ - 9⅞	9⅜ - 9⅛	8½ - 8¼
Italian Lira	12½ - 10½	11⅞ - 11⅜	12⅛ - 11⅝	12⅛ - 11⅝	12 - 11⅝	12⅛ - 11⅝
Belgian Franc	8⅝ - 8¼	8⁹⁄₁₆ - 8⁷⁄₁₆	8⁹⁄₁₆ - 8⁷⁄₁₆	8⅜ - 8¼	7¹³⁄₁₆ - 7¹¹⁄₁₆	7½ - 7⅜
Yen	3⅝ - 3½	3⅝ - 3½	3¾ - 3⅝	3⅜ - 3¼	3⁵⁄₁₆ - 3¼	3⅜ - 3¼
Danish Krone	11¾ - 10¾	11½ - 10½	11½ - 10½	12 - 11	11¼ - 10¾	10¼ - 9¾
Asian $Sing	3 - 2	3 - 2	2¼ - 1¾	2¼ - 1¾	2¼ - 1¾	3¼ - 2¼
Spanish Peseta	13¹³⁄₁₆ - 13⁹⁄₁₆	13¹³⁄₁₆ - 13⁹⁄₁₆	13¹³⁄₁₆ - 13⅝	13⅝ - 13⅞	13⅝ - 13⅛	12⅞ - 12⅝
Portuguese Esc	25 - 24	26 - 23	20 - 19	17½ - 16¾	16¾ - 17½	15¼ - 14¼

Long term Eurodollars: two years 4⅜-4¼ per cent; three years 4⅞-4¾ per cent; four years 5⅜-5¼ per cent; five years 5⅝-5½ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.5	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.521	2.428	172.8	8.233	2.248	2.728	2413	1.919	50.06	173.2	1.253
$	0.657	1	1.596	113.6	5.413	1.478	1.794	1586	1.262	32.91	113.9	0.824
DM	0.412	0.626	1	71.17	3.391	0.926	1.124	993.8	0.790	20.61	71.33	0.516
YEN	5.787	8.802	14.05	1000.	47.64	13.01	15.79	13964	11.11	289.6	1002	7.251
F Fr.	1.215	1.847	2.949	209.9	10	2.730	3.313	2931	2.331	60.79	210.4	1.522
S Fr.	0.445	0.677	1.080	76.87	3.662	1	1.214	1073	0.854	22.26	77.05	0.557
N Fl.	0.367	0.558	0.890	63.34	3.018	0.824	1	884.5	0.703	18.35	63.49	0.459
Lira	0.414	0.630	1.006	71.61	3.412	0.932	1.131	1000.	0.795	20.74	71.78	0.519
C $	0.521	0.793	1.265	90.05	4.290	1.171	1.422	1257	1	26.08	90.26	0.653
B Fr.	1.998	3.039	4.851	345.3	16.45	4.492	5.451	4821	3.834	100.	346.1	2.503
Pta	0.577	0.878	1.402	99.77	4.753	1.298	1.575	1393	1.108	28.90	100.	0.723
Ecu	0.798	1.214	1.938	137.9	6.571	1.794	2.177	1926	1.532	39.94	138.2	1.

Yen per 1,000: French Fr. per 10. Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls May	Calls June	Calls September	Puts May	Puts June	Puts September
115	-	-	-	-	0.13	0.50
116	-	1.68	2.23	0.07	0.27	0.75
117	0.72	0.93	1.62	0.27	0.56	1.09
118	0.25	0.47	1.12	-	1.02	1.56
119	-	0.18	0.72	-	-	2.14
Open Int	15,701	183,242	72,293	12,715	136,375	34,931

Estimated volume 48,434 † Total Open Interest 468,734
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5210	1.5175	1.5110	1.5021	1.4888

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

French rates unchanged

ONE-MONTH interest rates in *the French cash market were a* little firmer yesterday lunchtime after the Bank of France decided to leave its intervention rate unchanged, *writes James Blitz.*

One week into the lifetime of the new French government, *there were strong expectations* that the authorities in Paris would ease monetary policy to *stimulate the French economy.*

> **UK clearing bank base lending rate**
> **6 per cent**
> **from January 26, 1993**

However, the Bank of France left its intervention rate unchanged at 9.10 per cent. As a result, 1-month cash firmed slightly from about 10.30 per cent at the start of the day to about 10.35 per cent.

It later fell back to a level that was more-or-less unchanged on the day as the French franc rose to a close of FFr3.391 against the D-Mark in London.

Some analysts were baffled as to why the French authorities were leaving official policy on hold, because the domestic pressures on the new French government to ease policy are getting greater all the time.

Mr Jonathan Hoffman, director of Economics at Credit Suisse First Boston, said there was a striking dichotomy between the confidence of the new French administration and the uncertainty of the financial sector, which was *crying out for lower interest* rates.

Mr Hoffman said that the recent end-of-year results of the major French banks underlined how painful it had become for them to borrow wholesale cash at high interest *rates without passing these* costs on to the retail sector. Last week, for example, Credit Lyonnais announced a net loss of FFr1.85bn for 1992.

A problem for the French authorities is that they cannot be sure about the speed with which short term German rates are coming down. The market appears to expect that the Bundesbank will ease the rate at which offers wholesale funds to German commercial banks this week, but they cannot be sure.

In the sterling cash market, short dated rates firmed as dealers found it difficult to remove a £1.75bn shortage forecast by the Bank of England.

Three-month money closed at 5¹⁵⁄₁₆ per cent last night having been at 5⅞ per cent on Friday evening. Overnight money traded at 8.75 per cent *before lunchtime, when £1.2bn* of the shortage had still not been removed. There was late *assistance of £275m.*

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.5)	3 months US dollars		6 months US Dollars	
	bid 3⅛	offer 3¼	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.8,120 Set by ALAUN

ACROSS

1 Load up and attack (6)
4 "Run" is in small letters (6)
8 Paid to have fixed (7)
9 A word you wouldn't, surely, use (7)
11 The first fallers in the race (4,3,3)
12 Differences in ranks (4)
13 Said she finished the tale (5)
14 Leaving for the holidays? (8)
16 Takes place on the set (6,2)
18 In the form, for instance, of a test (5)
20 Lean like the others (4)
21 With luck going to both sides, neither wins nor loses (6,4)
23 After tea I have to return the vehicle (7)
24 Dog that will beat the favourite (7)
25 He counts, he would have you know (6)
26 Witness stuttering at a trial (6)

DOWN

1 What I believe is an Indian coin, old (5)
2 Occasionally I'm in a bad state (2,5)
3 Whoever stands the round pays them (5,4)
5 A scrap, though we're told no fighting (5)
6 Take what you will (7)
7 Hits the highest score (3,6)
10 The secret's out about the vehicle and the author (9)
13 Spring in the air in France (9)
15 Excellent attempt by the marksman (5,4)
17 Not sharp, as you'd expect (7)
19 If the jack won't work, its repair may be delayed (7)
21 Thoroughly embarrassed when the story came out? (5)
22 He scratched from the earlier flat race (5)

Solution to Puzzle No.8,119

BULLSEYE AFRAID · PLAZA WATERJUMP · TREASURER LOTUS · LOUNGE DROPLET · SATISFY CLEVER · IDLER SCREWBALL · TIMEPIECE ROLES · DANISH ESCHEWED

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

CANADA

TORONTO

4 pm close April 5

Quotations in cents unless marked $

[illegible]

MONTREAL

4 pm close April 5

[illegible]

INDICES

NEW YORK

DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

TRADING ACTIVITY

[illegible]

CANADA

TORONTO

[illegible]

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ [illegible] (u) Unavailable. ♠ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows [illegible] represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

[illegible]

WORLD

M.S. Capital Intl.(1/1/70) $	545.5*	544.3	541.7	[illegible]
Euro Top-100 (26/6/90)	934.84	941.44	945.01	[illegible]

**Saturday April 3: Taiwan Weighted Price 4,982.61, Korea Comp Ex 689.24

♥ Subject to official recalculation.

Base values of all indices are 100 except Austria Traded, 363.20, HEX Gen. [illegible] 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary [illegible]

TOKYO - Most Active Stocks

Monday April 5, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	46.1m	405		Mitsui Eng & Shp	15.0m	485	+25
Mitsubishi Heavy	25.0m	688	+29	Tokyo Elec Power	14.4m	4,100	-70
Kawasaki Hvy Ind	20.6m	463	+33	Tokyo Gas	14.3m	582	-1
NKK	20.3m	344	+4	Hitachi	13.0m	880	+44
Obayashi	16.7m	717	+80	Ishi-Har Heavy	12.9m	543	+20

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Finland	FMK 1,900	Italy	LIT 560,000	Portugal	ESC 57,000	Turkey	TL 1,850,000

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FINANCIAL TIMES

FAR MORE THAN FINANCE.

4 pm close April 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
13¾	11½	AAR Corp	0.48	3.9	22	288	12⅞	12	12¼	-⅛
27⅛	20	A L Labs A x	0.18	0.8	36	249	22⅞	22⅛	22¾	
61⅞	54⅝	AMP Inc	1.60	2.7	21	1431	60	59½	59⅝	
70¼	55½	AMR			10	3249	64⅞	63⅛	64⅞	+1⅞
2	1¾	ARX			10	25	1¾	1¾	1¾	
42½	29⅞	ASA	2.00	4.8	27	629	41⅞	41⅜	41⅞	-⅛
30¾	22⅝	Abbott Lab	0.68	2.7	17	6074	25½	24⅞	25¼	+⅛
12⅝	10¼	AbitibiPr	0.50	4.3	3	16	11⅞	11⅝	11⅝	-⅛
11⅞	10¾	ACM Gvt In x	0.96	8.7		312	11⅛	11	11	
9¾	9⅛	ACM GvOpp x	0.79	8.4		121	9⅜	9¼	9⅜	
9⅝	8¾	ACM Gvt Sp x	0.79	8.4		179	9⅜	9¼	9⅜	-⅛
11⅜	10½	ACM Gvt Se x	0.96	8.6		284	11⅛	11	11⅛	+⅛
10⅞	9⅝	ACM Man x	1.08	10.2		113	10⅝	10½	10⅝	+1.21
9⅞	8⅝	ACM Managd x	0.72	7.9		141	9⅛	9	9⅛	
8⅞	7¾	Acme Cleve	0.40	5.1	16	56	8	7⅞	7⅞	-⅛
9¼	6½	Acme Elect			750	33	7¾	7½	7½	-¼
16	12⅛	Acuson			12	635	13⅛	12⅞	13⅛	+⅛
22¼	19⅝	Adams Expr	0.48	2.3	1	79	21¼	21	21¼	
52⅞	45½	Ad Micro	3.00	6.0		26	50	49¾	49⅞	+⅝
24⅜	17⅝	Ad Micro P	3.00	13.5	6	6143	22½	21⅜	22¼	+⅞
7¾	5½	Advest Grp	0.16	2.3	14	83	7⅛	6⅞	7	+⅛
48⅜	41⅛	Aegon ADR	1.35	2.8	8	129	46⅞	46⅝	46⅝	-⅞
53¾	43⅛	Aetna Lf	2.76	5.6	980	3273	49¼	48½	49	+½
[illegible]										

- A -

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

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[illegible]

- R -

[illegible]

Continued on next page

4 pm close April 5

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	17¼	S Anita Rt	1.36	7.0	29	20	20	19½	19½	-½
20¾	17	SCOR US Cp	0.32	1.8	49	15	19¾	19¾	19¾	
24¾	20	SPS Techno	1.28	5.3	17	29	24½	24	24⅛	+⅛
13⅞	12⅞	Sabine Rt	1.16	8.4	10	47	u13⅞	13¾	13¾	-⅛
12⅞	8⅞	Safecard	0.10	0.9	14	654	11⅝	11¼	11⅜	-¼
23½	17	Safeg'd Sc			11	23	22⅜	22⅛	22⅛	-¼
24¾	20	SafetyKln	0.36	1.8	25	1567	20⅛	d19⅜	19½	-⅞
14⅝	10⅞	Safeway			17	851	14¼	14	14¼	+¼
3	2	SafewayW96				62	2⅞	2¾	2⅞	
44½	37½	StJoePaper	0.20	0.5	60	112	41⅜	40⅞	41⅛	-½
37½	31	StJosL&P	1.76	4.7	16	29	u37½	37¼	37½	
83¾	75	St Paul's x	2.80	3.5	20	658	80¼	79¾	79¾	
9⅝	8¼	Salant Crp			8	36	8⅞	8⅝	8⅞	+¼
75¼	42½	Sallie Mae	1.20	2.6	10	2919	48⅝	44⅞	48⅛	+1¾
13⅞	13	Salomon Br	0.61	4.6		310	13½	13⅜	13⅜	
41⅞	35¾	Salomoninc	0.64	1.7	8	2293	37⅞	36¾	37⅝	
26⅝	23¼	SanDgo G&E	1.48	5.7	14	295	26⅛	26	26⅛	
4⅜	3½	SantaFeEDu x	0.40	10.0	44	23	4	3⅞	4	
11	9⅛	SantaFeEn x	0.16	1.5	153	989	10⅞	10¾	10¾	-⅛
39¾	35¾	SantaFePac	2.80	7.4	13	32	37⅞	37⅝	37¾	+⅛
15⅝	12¾	SantaFeStn	0.10	0.7	43	6930	15	14¾	14⅞	+⅛
31⅛	27	Sara Lee	0.58	2.2	19	11861	27⅝	d26½	26½	-⅞
46½	40⅛	Scana Corp	2.74	6.0	15	159	45⅝	45	45⅜	-¼
49⅝	43	Scecorp x	2.80	6.0	14	5599	47	46½	46½	-½
38⅞	23⅞	ScherarRP			23	951	25½	25¼	25⅜	-⅛

- T -

1993 High	Low	Stock	Div	Yld. %	P/E
8⅝	5½	TCBY Enter x	0.20	2.5	35
34⅞	28	TCF Financ	0.50	1.6	7
10	8⅝	TCW Conv S x	0.84	8.6	
34	25⅝	TDK Corp A	0.41	1.2	27
3¾	2⅝	T I S Mtge x	0.20	7.0	1
33¼	26¾	TJX Cos	0.46	1.5	22
19⅜	18⅛	TNP Enterp	1.68	8.5	15
83¾	52½	TRW Inc	1.88	3.0	20
25⅞	14⅝	TC Medcl	0.10	0.7	9
24¼	17⅞	Taiwan Fd			
5	3⅛	Talleyind	0.42	9.8	218
9¾	8½	Talley Pf	1.00	11.3	
65	52¾	Tambrands	1.52	2.9	16
16⅝	11⅝	Tandem			21
32⅛	24⅝	Tandy Corp x	0.60	2.1	13
13⅜	12	Taurus Mun	0.82	6.7	
46	40⅜	Teco Energ	1.82	4.0	17
27⅝	20⅛	Tektronix	0.60	2.3	24
3⅝	1¼	Telecom Cp			29
23	18⅝	Teledyne	0.80	3.8	25
34⅝	28½	TeleEspSA	1.28	3.7	8
59⅞	46⅞	Telmex ADR	0.48	0.9	246
52½	45¾	Templeinl	1.00	2.2	17
18½	14⅜	TempltEmMkr	0.38	2.1	
9	8⅜	TempltGlob x	0.72	8.2	
9	8	TempltGlFd	0.72	8.9	
48¾	39⅛	Tennecoinc	1.60	3.5	30
25⅛	21¾	Teppco Pts	2.20	9.0	14

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NASDAQ NATIONAL MARKET

4 pm close April 5

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AMEX COMPOSITE PRICES

4 pm close April 5

AMERICA

Price war in tobacco boosts sector trade

Wall Street

US share prices were mixed in light trading yesterday morning, with the Dow Jones Industrial Average managing a small rebound after posting a 68-point loss on Friday. Market analysts said that profit-taking, and a recovery in Philip Morris helped the Dow make marginal gains, while the broader markets were flat, *writes Laurie Morse*.

At midday, the Dow was up 5.13 at 3,375.94. The more broadly based Standard & Poors 500 stood at 441.81, up 0.42, while the Amex composite was 0.24 lower at 417.28 and the Nasdaq composite was up 0.86 at 670.71.

New York Stock Exchange volume was 138.47m shares by 1 pm. At midday, winners and losers were evenly matched, with 847 stocks trading higher and 879 lower.

Philip Morris's stock, which lost 23 per cent of its value last Friday after it said that it would reduce the price of its best-selling Marlboro cigarette in a continuing price war with tobacco discounters, was up $⅝ at $50 at midday with more than 1m shares traded.

The tobacco war boosted action in other US cigarette manufacturers, with American Brands unchanged in heavy trading, and RJR Holdings, the recent spin-off from RJR Nabisco, down $⅛ at $6⅞.

Also on the active list were forest product stocks. Analysts said that forest product companies stand to benefit from the highly visible timber summit held in Seattle last Friday. At midday, Weyerhauser was up $2¼ at $41⅞, and Georgia Pacific had gained $1⅞ at $60⅞, while International Paper was up $⅝ at $63⅛.

Drug stocks were flat, and saw little rebound from Friday's losses. Bristol Myers was up $½ at $57¾, and Merck was flat at $34.

IBM managed a small rebound on news that the company plans to cut the compensation packages of employees who leave their jobs, a development that was cheered by Wall Street analysts.

Meanwhile, the giant discount retailer, Walmart, was down $⅝ at $30⅛ after Wall Street projections that its growth rate would slow through the 1990s. Another retailing phenomenon, Home Shopping Network, posted a $½ loss, at $7¼, following a Wall Street Journal report that its chairman and former president profited from secret ties to vendors.

Canada

TORONTO was mixed in brisk midday trading as gains in banking and utilities shares offset losses in gold, pipelines and transportation stocks.

The TSE-300 composite index fell 2.17 to 3,593.50 in volume of 32.3m shares valued at C$379m. Declines led advances by 275 to 229 with 246 unchanged.

The most-active stocks list was led by Suncor, which eased C$⅛ to C$25¼ in volume of about 7.6m shares. The Ontario Energy Corporation sold its entire holding of common shares of Suncor, worth a total of C$190m at C$25.25 per share, through RBC Dominion Securities and ScotiaMcLeod.

Other actives included MacLean Hunter, down C$¼ at C$11⅛ in heavy volume of 1.2m shares. A US Federal ruling last week calling for most US cable companies to cut prices is expected to hurt MacLean Hunter's New Jersey and Fort Lauderdale cable companies.

SOUTH AFRICA

GOLD shares and some mining stocks found firm support from foreign buyers. The golds index advanced 47 to 1,279, pushing up the overall index by 15 to 3,586 as industrials slipped 37 to 4,363. De Beers added R1.75 at R75.

EUROPE

Senior bourses see action in automotive stocks

FOR GOOD or ill, automotive industry stocks attracted their fair share of atttention in senior bourses yesterday, *writes Our Markets Staff.*

FRANKFURT was mixed in quiet, pre-holiday trade, the DAX index ending 3.06 lower at 1,658.69 as German equity turnover rose from DM4.6bn to DM4.7bn.

Automotive stocks saw much of the action. Daimler-Benz and Mercedes reflected Friday's afternoon quotations, heading the active stocks list in turnover of DM1bn, and DM550m respectively.Daimler fell DM15.50 to DM595 over the official session and Mercedes, which owns 25.2 per cent of Daimler, rose DM84 to DM574 on Friday's news that Mercedes shares will be swapped into Daimler on a one-for-one basis.

Porsche lost nearly 3 per cent after its recent gains, falling DM15 to DM518 on a combination of profit-taking and weekend comment. Meanwhile, there was another burst of afternoon news at Continental, the tyremaker, where Deutsche Bank and Mediobanca are leading the placing of the Pirelli holding, and where Pirelli claimed a price of DM250 a share.

Conti responded in the afterhours, Ibis market with a price of DM213 compared with its official close of DM204.20, down DM3.30. It came back a little later, but only to DM210.

MILAN was lifted by a firm performance by telecommunications shares but otherwise, investors remained hesitant amid the political uncertainty in the run-up to the electoral reform referendum on April 18. The Comit index rose 3.22 to 478.66.

Sip ordinary shares added L60 or 4 per cent to L1,541 in volume of 8.29m shares after ministers agreed a plan to merge it, with the country's other telephone companies, into a single group.

Italcable, the intercontinental operator, gained L20 to L5,230.

Pirelli, L18 ahead at one stage, finished L11 lower at L1,339 ahead of the announcement of the sale of its holdings in Continental, the German tyre maker.

"We view this development as being very positive for Pirelli since it will produce L140bn in capital gains which can be counted into the 1993 results," said Mr John Stewart of Pastorino and Partners in Milan. "It is also a sign that Pirelli is going ahead with its debt reduction programme. This deal will produce much welcomed cash."

PARIS combined caution, ahead of any major policy statements by the new centre-right government, with worries about results due this week from a number of major companies. This left the CAC-40 index down 16.14 at 1,974.68 in turnover of about FFr1.9bn against Friday's FFr3bn.

Automotive stocks were weak. Michelin fell FFr5.30 to FFr165.70 ahead of tomorrow's results, following a sell recommendation from a domestic broker. Peugeot lost FFr16 at FFr548 in the wake of last Friday's disappointing French new car sales for March.

Credit Lyonnais certificates , meanwhile, were FFr16 lower at FFr617 on a report indicating problems with the purchase of a profitable bond portfolio; Pechiney certificates fell FFr4.90 to FFr297.10 ahead of results due today.

AMSTERDAM edged lower in quiet trading and the CBS Tendency index finished 0.10 lower at 106.70.

Aegon, down Fl 2.30 at Fl 83.60, continued to be hurt by last week's news that shareholders have to choose between a cash or stock dividend before the latter is detailed.

Bols gained 90 cents to Fl 49.90 and Wessanen Fl 1.30 to Fl 105.50 on news that the way to their planned link-up is clear after 95 per cent of Bols shares were tendered for a swap in Wessanen shares.

ZURICH was in a quiet, pre-Easter holiday mood and while Wall Street's firm opening helped prices to recoup some of their earlier losses, the SMI index closed 6.4 lower at 2,183.9.

ISTANBUL rose 3.8 per cent on top of last week's 11.5 per cent cumulative gains, taking the market index 237.1 higher to a second consecutive all-time-high of 6,544.11.

Buying was heaviest in some motor and cement companies on expectations of strong first quarter profit figures.

STOCKHOLM recouped some early losses as US investors began buying but a pre-holiday mood kept trading mostly thin and dull. The Affärsvärlden index shed 6.6 to 1001.9

Ericsson's B share fell SKr4 to SKr270 after trading as low as SKr265 after Lehman Brothers downgraded its rating of the telecommunications group to neutral from outperform.

OSLO was little changed and the all-share index eased 0.07 at 441.06. However, Aker, the engineering group, rose sharply in a display of renewed investor confidence after a series of setbacks. Aker B shares rose NKr4.5 to SKr55.5 while the A shares gained NKr1.5 to NKr50.

HELSINKI was easier although the slide was partially stemmed by the firmer performances of Nokia and Cultor. The Hex index shed 0.5 per cent to 1,029.1. Nokia which announced a big contract early in the day saw its preferred share rise FM7 to FM134 while the ordinary shares added FM5 to FM142.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

April 5 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1137.61	1136.98	1137.95	1137.91	1137.21	1136.71	1137.07	1136.15
FT-SE Eurotrack 200	1205.54	1204.59	1205.77	1203.61	1204.43	1203.43	1204.91	1202.24

	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29
FT-SE Eurotrack 100	1140.36	1144.81	1149.13	1152.62	1148.76
FT-SE Eurotrack 200	1215.52	1219.55	1220.16	1219.87	1213.37

Base value 1000 (26/10/90) High/day: 100 - 1138.55; 200 - 1206.57 Low/day: 100 - 1135.73 200 - 1202.24

ASIA PACIFIC

Budget consensus boosts Nikkei to another peak

Tokyo

REPORTS that the ruling Liberal Democratic Party had reached a consensus over the size of the supplementary budget at the weekend boosted activity, and the Nikkei average closed at a new high for the year in heavy volume, *writes Emiko Terazono in Tokyo.*

The Nikkei rose by 312.52, or 1.6 per cent, to 19,759.46. It saw a day's low of 19,357.90 on profit-taking by domestic institutional investors, but active buying by foreigners and individuals pushed it up in the afternoon to peak at 19,820.60.

Volume totalled 1.2bn shares against 1.5bn. Advances led declines by 778 to 329, with 71 issues unchanged. The Topix index of all first section stocks climbed 25.04 to 1,551.35, but in London the ISE/Nikkei 50 index eased 3.34 to 1,209.38.

Strong buying by foreign and individual investors lifted laggard stocks but domestic institutions, such as insurance companies, maintained a cautious stance.

Mr Kazuo Tamayama, investment strategist at Yasuda Kasai Brinson Investment Management, said: "It is a mini-bubble caused by low interest rates." He predicted that, although the index could rise above the 20,000 level, most conservative Japanese investors will remain on the sidelines.

Meanwhile, the proposed amount of the upcoming supplementary package encouraged investors. The LDP is pushing for a Y13,000bn fiscal package, which includes Y9,000bn in public spending, Y2,000bn in social infrastructure, and Y2,000bn in additional lending to home buyers and small businesses.

Construction companies were higher on a move to public works-related stocks. Obayashi rose Y80 to Y717 and Taisei Y81 to Y799.

The brokerage sector was the top gainer of the day, appreciating 5.97 per cent. Nomura Securities advanced Y60 to Y2,250 and Nikko Securities Y110 to Y1,120.

Stocks which had led the recent rally took a breather. Nippon Telegraph and Telephone moved in a narrow range and closed unchanged at Y1m, while Tokyo Electric Power fell Y79 to Y4,100 and Tokyo Gas lost Y1 to Y592. Nippon Steel, the most active issue of the day, was unmoved at Y405.

The higher yen was ignored by investors and exporters closed firmer. The dollar finished Y0.17 down against the yen at Y113.83. Hitachi added Y44 at Y890 and Toyota Motor Y50 at Y1,560.

In Osaka, the OSE average moved forward 355.41 to 21,425.29 in volume of 43.6m shares.

Roundup

THE REGION offered little reaction to Wall Street's tumble last Friday. Hong Kong, Taiwan, Seoul and Bombay were closed for public holidays.

MANILA rose by 2.3 per cent, lifted by a new law granting Mr Fidel Ramos, the Philippines president, special powers to solve the severe energy shortage. The composite index closed 35.10 up at 1,515.40 as combined turnover expanded from 336.34m pesos to 540.34m.

Public utility Manila Electric reflected the news, the "B" shares rising 17.50 pesos, or 5.7 per cent, to 322.50.

KUALA LUMPUR reported frenzied speculative buying, with volume hitting a new high of 884.13m shares, up from a previous peak of 547.32m last Friday, but afternoon profit-taking trimmed share price gains and the KLSE composite index ended just 4.68 ahead at 656.13.

Activity focused on finance stock Idris Hydraulic, which surged to a high of M$2.31 before finishing at M$2.01, up 43 cents from Friday's close.

SINGAPORE's Straits Times Industrial index posted a new closing high for the second straight session, ending 12.66 stronger at 1,700.82. Turnover was heavy at S$508.23m.

There were useful gains in domestic blue chips and institutional demand for big local banks, and government-linked blue chips such as Keppel and NatSteel were also strong.

AUSTRALIA shrugged off the worst effect of Friday's Wall Street drop, brokers giving credit to good sentiment in Asia. The All Ordinaries index slipped 13.0 to 1,670.1 in turnover of A$278.8m.

Tobacco shares weakened following Philip Morris's US announcement of steep discounting in its Marlboro brand. Philip Morris shed A$15 to A$100, Rothmans 20 cents to A$5.50 and WD and HO Wills 10 cents to A$2.35.

CRA declined 16 cents to A$13.24, while Coal & Allied dipped 8 cents to A$11.40 after the Tokyo-based Ube Industries, the second largest shareholder in Coal & Allied with an 11 per cent stake, said it will reject CRA's A$11.50 per share offer.

NEW ZEALAND recovered from a 17-point fall to close a net 3.95 off at 1,562.74, mostly due to strength in leading forestry shares.

A rise in Fletcher Challenge from a session's low of NZ$2.50 to close at NZ$2.54, and a 4-cent gain in Carter Holt Harvey to NZ$2.88 contributed to the recovery. Volume was a moderate NZ$20.5m.

Japan looks for action on economy

By Michael Morgan

PROGRESS BY Japan's ruling Liberal Democratic Party towards agreeing the size and shape of this month's supplementary budget, and expectations that the package would exceed last August's Y10,700bn plan, underpinned the strong performance by Japanese equities last week.

The stock market news from Tokyo had its ups and downs. After a strong start, aggressive profit-taking as the yen appreciated against the dollar followed during the Tuesday and Wednesday sessions.

However, by Thursday, the market was moving sharply ahead as investors concentrated once again on government plans to stimulate the economy: Friday's trading volume, at 1.5bn shares, had risen to levels not seen for more than three years.

Among analysts bullish about the outlook for Japan, Mr Nicholas Knight at Nomura in London sees an imminent rise in the Nikkei index above 20,000. That could be just the cue that foreign investors, currently underweight in Japan, might take to buy, ready for a ride on the Nikkei to a minimum of 23,000 by June and 28,000 later in the year.

"To talk about selling a market that could still go up a further 50 per cent this year clearly sounds crazy, but then so would the market be at those levels," Mr Knight states in the latest Nomura global strategy note.

"This does not mean that it will not get there, but we do not want to be in it when it does," he says.

Overall, the World Index moved modestly ahead, with Europe flat, North America turning easier but the overall strength coming from the Pacific Basin.

Among the Europeans, Scandinavia continued to turn in strong performances but Austria was a weak spot with interest in shares poor and volumes low.

Italy, also weak, found itself with a government in limbo, awaiting the country's electoral reform referendum on April 18.

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1993	% change sterling † Start of 1993	% change in US $ † Start of 1993
Austria	-2.73	-8.31	-18.72	+0.36	+1.29	+1.53
Belgium	+1.33	+4.85	+8.59	+14.68	+15.11	+15.37
Denmark	+3.86	-0.78	-12.36	+9.59	+11.10	+11.36
Finland	+4.47	+2.11	+37.51	+26.84	+14.41	+14.68
France	-1.20	+0.55	+3.18	+9.33	+10.53	+10.78
Germany	-0.03	-1.55	-5.96	+8.58	+9.32	+9.57
Ireland	+0.18	+10.43	+11.38	+24.81	+16.36	+16.62
Italy	-2.72	-11.83	-0.30	+9.41	+0.87	+1.11
Netherlands	+0.45	+0.96	+9.73	+10.92	+11.58	+11.84
Norway	-2.98	+6.16	-4.41	+10.43	+11.59	+11.84
Spain	-0.39	-0.95	-4.59	+11.56	+10.92	+11.17
Sweden	+1.54	-2.74	+12.22	+6.12	-1.28	-1.05
Switzerland	+1.37	+2.67	+18.57	+6.40	+4.72	+4.96
UK	+0.50	-1.66	+20.58	+1.75	+1.75	+1.98
EUROPE	+0.17	-1.06	+9.68	+6.13	+5.59	+5.84
Australia	+0.24	+3.94	+5.43	+8.25	+9.81	+10.08
Hong Kong	+0.80	-2.26	+24.97	+15.49	+15.37	+15.63
Japan	+6.92	+20.54	+17.79	+18.77	+27.43	+27.72
Malaysia	+2.65	+1.64	+21.98	+8.13	+8.92	+9.17
New Zealand	-0.69	+0.46	+9.52	+3.59	+6.81	+7.04
Singapore	+2.41	+0.95	+11.22	+5.70	+5.52	+5.77
Canada	-0.39	+1.25	+1.08	+5.10	+5.73	+5.98
USA	-1.47	-1.06	+10.23	+1.18	+0.95	+1.18
Mexico	+0.96	+8.24	-3.51	-1.51	-0.98	-0.75
South Africa	+0.85	+7.40	+0.33	+11.78	+19.40	+19.66
WORLD INDEX	+1.43	+4.68	+11.80	+7.11	+9.43	+9.68

† Based on April 2nd, 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co, and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY APRIL 2 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY APRIL 1 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (68)	137.71	+1.3	134.54	99.37	114.91	130.98	+0.9	3.77	135.91	132.09	97.98	113.03	129.81	141.00	117.39	143.44
Austria (18)	142.30	+0.6	139.02	102.68	118.74	117.81	-0.2	1.92	141.41	137.43	101.95	117.59	117.99	150.96	131.16	171.43
Belgium (42)	153.71	+0.2	150.17	110.90	128.26	125.26	+0.4	4.62	153.35	149.04	110.55	127.52	124.80	153.71	131.19	139.19
Canada (110)	122.55	-0.6	119.73	88.42	102.26	111.90	-0.5	2.97	123.34	119.87	88.91	102.56	112.49	125.97	111.41	128.03
Denmark (33)	207.26	+0.7	202.49	149.55	172.95	174.07	+1.2	1.32	205.88	200.09	148.43	171.20	172.00	210.28	185.11	230.01
Finland (23)	79.83	+1.6	77.99	57.60	66.61	98.92	+0.8	1.28	78.56	76.35	56.64	65.33	96.12	79.83	65.50	73.64
France (98)	163.04	-1.1	159.29	117.64	136.04	139.45	-0.6	3.19	164.84	160.20	118.83	137.06	140.34	165.09	142.72	156.52
Germany (62)	114.00	-0.9	111.38	82.27	95.12	95.12	-0.6	2.23	115.03	111.79	82.94	95.65	95.65	115.03	101.59	119.76
Hong Kong (55)	256.20	-0.3	250.31	184.86	213.79	254.31	-0.3	3.64	256.95	249.72	185.24	213.68	255.05	282.08	218.82	204.42
Ireland (15)	158.35	-1.9	154.71	114.26	132.14	147.13	-1.6	3.59	161.39	156.86	116.35	134.21	149.47	161.39	129.28	153.11
Italy (73)	55.48	-0.9	54.20	40.03	46.29	66.06	-0.8	3.05	56.00	54.43	40.37	46.57	66.58	64.28	53.78	72.23
Japan (470)	134.14	+3.9	131.06	96.79	111.95	96.79	+4.0	0.86	129.14	125.51	93.10	107.41	93.10	134.14	100.75	97.54
Malaysia (69)	285.44	+1.1	278.88	205.96	238.18	284.78	+1.0	2.36	282.23	274.29	203.46	234.69	282.02	285.44	251.66	234.88
Mexico (18)	1635.57	-1.1	1597.94	1180.16	1364.78	5531.06	-1.1	1.08	1653.60	1607.09	1192.13	1375.10	5592.03	1725.81	1410.30	1701.08
Netherland (24)	169.32	-0.4	165.43	122.18	141.29	139.41	+0.0	4.06	169.95	165.17	122.52	141.33	139.47	169.95	150.39	151.10
New Zealand (13)	45.91	+0.5	44.86	33.13	38.31	45.90	+0.0	4.76	45.71	44.42	32.95	38.01	45.89	47.03	40.56	43.25
Norway (22)	154.02	-1.3	150.48	111.14	128.52	142.78	-0.9	1.85	156.05	151.67	112.51	129.77	144.03	156.66	137.71	169.79
Singapore (38)	225.68	+0.6	220.48	162.84	188.31	170.50	+0.7	1.96	224.39	218.08	161.77	186.60	169.38	225.68	207.04	197.72
South Africa (60)	177.22	+1.5	173.15	127.87	147.88	175.67	+1.2	2.87	174.56	169.65	125.84	145.16	173.51	177.22	144.72	228.34
Spain (45)	129.64	-1.5	126.66	93.55	108.18	112.90	-1.0	5.36	131.62	127.92	94.89	109.45	114.02	131.62	115.23	148.73
Sweden (36)	163.82	+1.6	160.05	118.21	136.70	183.95	+1.2	1.83	161.18	156.64	116.20	134.03	181.76	168.80	149.70	184.21
Switzerland (56)	118.61	-0.1	115.88	85.59	98.99	109.24	+0.1	1.99	118.71	115.37	85.58	98.73	109.18	118.71	108.91	99.13
United Kingdom (219)	175.76	-0.8	171.73	126.82	146.66	171.73	-0.3	4.28	177.17	172.19	127.72	147.32	172.19	177.17	162.00	165.95
USA (519)	180.20	-2.0	176.06	130.03	150.37	180.20	-2.0	2.82	183.97	178.79	132.63	152.99	183.97	186.27	175.38	163.77
Europe (766)	143.95	-0.7	140.63	103.87	120.12	132.50	-0.3	3.49	144.90	140.82	104.46	120.50	132.87	144.90	133.92	140.88
Nordic (114)	154.16	+1.2	150.61	111.24	128.64	151.06	+1.0	1.65	152.34	148.05	109.83	126.68	149.53	154.48	142.13	171.61
Pacific Basin (713)	137.77	+3.5	134.60	99.41	114.96	102.56	+3.5	1.16	133.15	129.40	95.99	110.73	99.06	137.77	105.89	102.82
Euro-Pacific (1479)	140.18	+1.7	136.95	101.14	116.96	115.08	+1.9	2.14	137.84	133.96	99.36	114.61	112.94	140.18	117.26	118.25
North America (629)	176.62	-2.0	172.55	127.45	147.40	175.56	-2.0	2.83	180.20	175.13	129.93	149.88	179.12	182.38	171.51	161.52
Europe Ex. UK (547)	124.27	-0.6	121.41	89.69	103.72	110.51	-0.3	2.95	124.99	121.47	90.12	103.96	110.84	124.99	112.51	124.82
Pacific Ex. Japan (243)	173.73	+0.6	169.73	125.38	144.98	159.54	+0.4	3.40	172.76	167.90	124.57	143.68	158.93	174.52	152.70	154.83
World Ex. US (1667)	140.89	+1.6	137.65	101.67	117.57	117.00	+1.8	2.16	138.67	134.77	99.98	115.32	114.95	140.89	118.51	120.85
World Ex. UK (1967)	150.94	+0.2	147.47	108.92	125.96	132.97	+0.3	2.22	150.59	146.35	108.57	125.24	132.57	150.94	134.22	131.41
World Ex. So. Af. (2126)	153.06	+0.1	149.54	110.46	127.73	136.10	+0.2	2.42	152.88	148.58	110.22	127.14	135.78	153.06	137.29	133.80
World Ex. Japan (1716)	164.85	-1.3	161.06	118.96	137.58	158.72	-1.2	3.07	167.11	162.41	120.48	138.98	160.70	167.11	157.47	155.10
The World Index (2186)	153.12	+0.1	149.60	110.49	127.78	136.48	+0.2	2.42	152.81	148.61	110.24	127.17	136.15	153.12	137.32	134.42

Latest prices were unavailable for this edition.